DOCUMENTS RELATIFS AUX RELATIONS EXTÉRIEURES DU CANADA

DOCUMENTS ON CANADIAN EXTERNAL RELATIONS

©Her Majesty the Queen in Right of Canada,
represented by the Minister of Public Works and
Government Services, 2004.

Available through your local book seller or by mail
from Canadian Government Publishing
Public Works and Government Services Canada
Ottawa (Ontario)
K1A 0S9

Telephone: (819) 956-4800
Fax: (819) 994-1498
Orders only: 1-800-635-7943
Internet: http://publications.pwgsc.gc.ca

Catalogue No. E2-39/25-2004
ISBN 0-660-62574-1

©Sa Majesté la Reine du Chef du Canada, représentée
par le Ministre des Travaux publics et Services
gouvernementaux, 2004.

En vente chez votre libraire local ou par la poste auprès
des Éditions du gouvernement du Canada
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario)
K1A 0S9

Téléphone : (819) 956-4800
Télécopieur : (819) 994-1498
Commandes seulement : 1-800-635-7943
Internet : http://publications.tpsgc.gc.ca

N° de catalogue E2-39/25-2004
ISBN 0-660-62574-1

106-03140/

CANADA

DOCUMENTS RELATIFS AUX RELATIONS EXTÉRIEURES DU CANADA

DOCUMENTS ON CANADIAN EXTERNAL RELATIONS

VOLUME 25

1957-1958

TOME II/PART II

Sous la direction de
Michael D. Stevenson
Editor

MINISTÈRE DES AFFAIRES ÉTRANGÈRES ET
DU COMMERCE INTERNATIONAL
DEPARTMENT OF FOREIGN AFFAIRS AND
INTERNATIONAL TRADE

TABLE DES MATIÈRES
CONTENTS

	PAGE		PAGE
INTRODUCTION	ix	INTRODUCTION	ix
PROVENANCE DES DOCUMENTS	xxv	LOCATION OF DOCUMENTS	xxv
LISTE DES ABRÉVIATIONS	xxvii	LIST OF ABBREVIATIONS	xxvii
LISTE DES PERSONNALITÉS	xxix	LIST OF PERSONS	xxix
ILLUSTRATIONS	xlv	ILLUSTRATIONS	xlv
Chapitre Premier		**Chapter I**	
RELATIONS AVEC LES ÉTAT-UNIS		**RELATIONS WITH THE UNITED STATES**	
1. Visite du secrétaire d'état à Ottawa, le 28-29 juillet 1957	1	1. Visit of Secretary of State to Ottawa, July 28-29, 1957	1
2. Visite du premier ministre à Washington, le 16 octobre 1957	4	2. Visit of Prime Minister to Washington, October 16, 1957	4
3. Visite du président et du secrétaire d'état à Ottawa, le 8-10 juillet 1958	6	3. Visit of President and Secretary of State to Ottawa, July 8-10, 1958	6
4. Questions de défense et sécurité		4. Defence and Security Issues	
a) Défense aérienne continentale	28	a) Continental Air Defence	28
b) Enquêtes du congrès sur la sécurité	259	b) Congressional Security Investigations	259
c) Alertes	270	c) Alerts	270
d) Installations de ravitaillement pour le commandement aérien stratégique	276	d) Strategic Air Command Refuelling Facilities	276
e) Système de détection lointaine des missiles balistiques	288	e) Ballistic Missile Early Warning System	288
f) Installations de navigation aérienne tactique	293	f) Tactical Air Navigation Facilities	293
g) Réunions de consultation		g) Meetings of Consultation	
i) Washington, 30 septembre 1957	295	i) Washington, September 30, 1957	295
ii) Washington, 19 novembre 1958	310	ii) Washington, November 19, 1958	310
h) Réunion du comité ministériel Canada-États-Unis sur la défense commune, Paris, 15 décembre 1958	319	h) Meeting of Canada-United States Ministerial Committee on Joint Defence, Paris, December 15, 1958	319
5. Questions économiques		5. Economic Issues	
a) Réunion de la commission mixte canado-américaine du commerce et des affaires économiques, Washington, le 7-8 octobre 1957	340	a) Meeting of Joint Canada-United States Committee on Trade and Economic Affairs, Washington, October 7-8, 1957	340
b) Restrictions des États-Unis sur les importations		b) United States Restrictions on Imports	
i) Pétrole	356	i) Petroleum	356
ii) Plomb et zinc	396	ii) Lead and Zinc	396
c) Élimination des surplus agricoles des États-Unis	414	c) Disposal of United States Agricultural Surpluses	414
d) Fruits et légumes	434	d) Fruits and Vegetables	434

  - e) Dindes et volailles 456

6. Commission mixte international
  - a) Détournement de Chicago 472
  - b) Référence – pollution de la Rainy River 479

7. Fleuve Columbia 480
8. Voies interlacustres des Grands Lacs 524
9. Ponts internationaux : Campobello-Lubec Bridge 533

Chapitre II

MOYEN-ORIENT

1. Exportations d'armes au Moyen-Orient 536
2. Force d'urgence des Nations Unies
  - a) Participation canadienne 568
  - b) Général Burns en tant que commandant 569
  - c) Financement 572

3. Frais de déminage du canal de Suez 606
4. Plaintes de la Syrie auprès des Nations Unies 630
5. Crise au Liban et en Jordanie
  - a) Relations entre les états arabes et création du Groupe d'observation des Nations Unies au Liban (GONUL) 665
  - b) Intervention des États-Unis et du Royaume-Uni au Liban et en Jordanie; session extraordinaire de l'assemblée générale des Nations Unies 716

6. Israël : visite du ministre des affaires étrangères à Ottawa, 20 octobre 1958 793

Chapitre III

EXTRÊME-ORIENT

1. Commissions internationales de surveillance et de contrôle
  - a) Laos 798
  - b) Vietnam 806

2. Formose et les îles côtières 852
3. La république populaire de Chine
  - a) Mission commerciale canadienne 899

  - e) Turkeys and Fowl 456

6. International Joint Commission
  - a) Chicago Diversion 472
  - b) Rainy River Pollution Reference 479

7. Columbia River 480
8. Great Lakes Connecting Channels 524
9. International Bridges: Campobello-Lubec Bridge 533

Chapter II

MIDDLE EAST

1. Export of Arms to the Middle East 536
2. United Nations Emergency Force
  - a) Canadian Participation 568
  - b) General Burns as Commander 569
  - c) Financing 572

3. Suez Canal Clearance Costs 606
4. Syrian Complaints to the United Nations 630
5. Crisis in Lebanon and Jordan
  - a) Relations among the Arab States and the Creation of the United Nations Observer Group in Lebanon (UNOGIL) 665
  - b) United States and United Kingdom Intervention in Lebanon and Jordan; Special Session of the United Nations General Assembly 716

6. Israel: Visit of Foreign Minister to Ottawa, October 20, 1958 793

Chapter III

FAR EAST

1. International Commissions for Supervision and Control
  - a) Laos 798
  - b) Vietnam 806

2. Formosa and the Coastal Islands 852
3. People's Republic of China
  - a) Canadian Trade Mission 899

b) Restrictions sur l'exportation	916	b) Export Restrictions	916
c) Reconnaissance	920	c) Recognition	920
4. Japon		4. Japan	
a) Criminels de guerre	933	a) War Criminals	933
b) Visite du ministre des affaires étrangères à Ottawa, le 8 septembre 1958	939	b) Visit of Foreign Minister to Ottawa, September 8, 1958	939
c) Immigration	945	c) Immigration	945
5. Laos : visite du premier ministre à Ottawa, le 16-18 janvier, 1958	946	5. Laos: Visit of Prime Minister to Ottawa, January 16-18, 1958	946
6. Corée : retrait des forces chinoises communistes	951	6. Korea: Withdrawal of Communist Chinese Forces	951
Chapitre IV		**Chapter IV**	
EUROPE DE L'EST ET L'UNION SOVIÉTIQUE		**EASTERN EUROPE AND THE SOVIET UNION**	
1. Les réfugiés hongrois	956	1. Hungarian Refugees	956
2. Trésors artistiques polonais	976	2. Polish Art Treasures	976
3. Visites officielles	984	3. Official Visits	984
4. Contrôles des exportations de matériel stratégique	992	4. Export Controls of Strategic Materials	992
5. Union soviétique		5. Soviet Union	
a) Lettres de Boulganine et proposition de réunion au sommet	1003	a) Bulganin Letters and Summit Meeting Proposal	1003
b) Orientation des politiques étrangères et nationales	1021	b) Foreign and Domestic Policy Trends	1021
c) Accord sur le commerce	1063	c) Trade Agreement	1063
Chapitre V		**Chapter V**	
AMÉRIQUE LATINE		**LATIN AMERICA**	
1. Organisation des états d'amérique	1068	1. Organization of American States	1068
2. Visite du secrétaire d'état au Brésil et au Mexique, le 17 novembre-4 décembre 1958	1069	2. Visit of Secretary of State to Brazil and Mexico, November 17-December 4, 1958	1069
INDEX	1080	INDEX	1093

INTRODUCTION

INTRODUCTION

Le volume 25 est le second de deux volumes qui portent sur la période du 10 juin 1957 au 31 décembre 1958, les 18 premiers mois du gouvernement du premier ministre John G. Diefenbaker du Parti progressiste-conservateur. Le premier volume expliquait la participation active du Canada aux affaires des Nations Unies, de l'Organisation du Traité de l'Atlantique Nord et du Commonwealth, trois organismes multinationaux. Il contenait également des chapitres sur l'énergie atomique et les relations avec les pays de l'Europe de l'Ouest. Le présent volume traite des relations du Canada avec les États-Unis, le Moyen-Orient, l'Extrême-Orient, l'Europe de l'Est, l'Union soviétique et l'Amérique latine.

Dans ce volume, la période étudiée montre que ce sont les questions de défense et de sécurité dans le contexte de la guerre froide qui ont continué de retenir l'attention des décideurs canadiens en matière de politique internationale. Comme les documents du chapitre premier l'attestent, le gouvernement conservateur a hérité du régime libéral sortant un programme de défense canado-américain qui comportait un certain nombre de questions essentielles et litigieuses. La principale question était le plan d'intégration du contrôle opérationnel des forces de la défense aérienne de l'Amérique du Nord. En se fondant sur les deux mémoires préparés par le ministère de la Défense nationale [documents 10 et 11], le premier ministre Diefenbaker approuva personnellement la création du Commandement de la défense aérienne de l'Amérique du Nord (NORAD), le 24 juillet 1958. Alarmés de voir qu'une question d'une telle portée n'avait pas été examinée en détail par le Cabinet, les hauts fonctionnaires du ministère des Affaires extérieures réussirent à convaincre le secrétaire d'État aux Affaires extérieures, Sidney Smith, de faire pression auprès de son homologue de la Défense nationale dans le but d'obtenir un échange de notes intergouvernementales [document 20]. Le général George Pearkes et le ministre de la Défense nationale acquiescèrent à la requête de Smith. La démarche entreprise pour officialiser les arrangements concernant le NORAD fut rendue encore plus urgente par Diefenbaker lui-même, qui voulait faire taire les critiques croissantes que cet accord suscitait au Parlement et empêcher que les détails du désaccord entre les ministères ne soient connus du public [document 25]. Les négociations qui suivirent avec les autorités américaines se déroulèrent sans heurts, et des notes diplomatiques furent échangées en mai 1958. Les ministres du Cabinet cherchèrent également à obtenir une supervision politique des opérations du NORAD en créant un comité ministériel, proposition à laquelle le ministère des Affaires extérieures s'opposa d'abord. Finalement, les négociateurs canadiens et américains se mirent d'accord sur la création d'un comité de contrôle qui serait chargé d'examiner toutes les questions de sécurité bilatérale. Diefenbaker et le président Dwight D. Eisenhower donnèrent leur accord à la création d'un comité canado-américain de défense conjointe à l'occasion de la visite d'Eisenhower à Ottawa, en juillet 1958. Les ministres canadiens et leurs homologues américains convoquèrent par la suite la première réunion de ce comité à Paris, en décembre 1958 [document 135].

La deuxième grande question concernant la défense et la sécurité qui se posait au gouvernement Diefenbaker était le programme des intercepteurs CF-105. Faute d'espace, nous n'avons reproduit qu'un faible pourcentage des documents se rapportant à l'annulation du projet Avro Arrow. Nous ajouterons néanmoins que la plupart des documents d'archives non reproduits sont du domaine exclusif de la politique de défense nationale et ont peu de rapport avec la conduite des affaires étrangères du Canada.

INTRODUCTION

Volume 25 is the second of two volumes documenting the period from 10 June 1957 to 31 December 1958, the first eighteen months of Prime Minister John G. Diefenbaker's Progressive Conservative government. The earlier volume focused on Canada's active participation in three multinational organizations—the United Nations, the North Atlantic Treaty Organization, and the Commonwealth. It also contained chapters on atomic energy and relations with Western European countries. This volume documents Canada's relations with the United States, the Middle East, the Far East, Eastern Europe and the Soviet Union, and Latin America.

Cold War defence and security issues continued to dominate the attention of Canadian foreign policy-makers during the period covered by this volume. As the documentation in Chapter I indicates, the Conservative government inherited from the outgoing Liberal administration a Canadian-American defence agenda containing a number of critical and contentious items. The most important issue was the plan to integrate operational control of North American air defence forces. Based on two submissions prepared by the Department of National Defence [Documents 10 and 11], Prime Minister Diefenbaker personally approved the formation of the North American Air Defence Command (NORAD) on 24 July 1958. Alarmed that a matter of such magnitude had not been vetted by Cabinet, officials in the Department of External Affairs convinced the Secretary of State for External Affairs, Sidney Smith, to lobby his Department of National Defence counterpart to seek an intergovernmental exchange of notes [Document 20]. General George Pearkes, the Minister of National Defence, consented to Smith's request. These efforts to formalize NORAD arrangements were given added urgency by Diefenbaker himself, who sought to deflect growing Parliamentary criticism of the deal and to prevent details of interdepartmental dissension from reaching the public [Document 25]. Subsequent negotiations with American officials proceeded smoothly, and diplomatic notes were exchanged in May 1958. Cabinet ministers also sought to establish political oversight of NORAD operations through the creation of a ministerial committee, a proposal that was initially opposed by the Department of External Affairs. Eventually, Canadian and American negotiators agreed to create an oversight committee that would be responsible for studying all bilateral security matters. Diefenbaker and President Dwight D. Eisenhower approved the formation of the Canada-United States Committee on Joint Defence during Eisenhower's visit to Ottawa in July 1958. Canadian Ministers and their American counterparts subsequently convened the first meeting of this Committee in Paris in December 1958 [Document 135].

The second major defence and security issue confronting the Diefenbaker government was the status of the CF-105 interceptor programme. Space limitations only permit the printing of a small percentage of documents concerning the cancellation of the Avro Arrow. Moreover, much of this unprinted archival material rests exclusively in the domain of domestic defence policy with little applicability to the conduct of Canadian foreign affairs. Nevertheless, the documents included in this volume provide a detailed look at the efforts of senior bureaucrats and Cabinet ministers to respond to the foreign policy implications of the Arrow decision. During the first seven months of 1958, the prohibitive costs of the Arrow and the potential decline of the Soviet manned bomber threat clouded the future of the CF-105 production programme. But as late as 31 July 1958, Robert Bryce, the Clerk of the Privy Council and a trusted Diefenbaker advisor, informed the Prime Minister that the Arrow programme should

Toutefois, les documents reproduits donnent un aperçu détaillé des efforts déployés par les hauts fonctionnaires et les ministres du Cabinet pour pallier les conséquences sur la politique étrangère de la décision d'annulation du projet Arrow. Pendant les sept premiers mois de 1958, les coûts prohibitifs du projet Arrow et l'atténuation possible de la menace que faisait planer le bombardier soviétique piloté assombrirent l'avenir du programme de production du CF-105. C'est finalement le 31 juillet 1958 que Robert Bryce, greffier du Conseil privé et conseiller de confiance de Diefenbaker, dit au premier ministre que le programme Arrow devait continuer [document 69]. Cependant, à la suite de la visite de Pearkes à Washington au cours de la première semaine d'août, Diefenbaker et Pearkes, se rappelant leur entente concernant la création du NORAD, décidèrent en privé d'abandonner le CF-105 [document 70]. Pendant les six semaines qui suivirent, la proposition d'annuler le projet Arrow domina l'ordre du jour du Comité de la défense du Cabinet et du Cabinet plénier; finalement, il fut décidé de poursuivre le programme de développement du projet Arrow jusqu'au 31 mars 1959 [documents 88 et 89]. D'autres documents présentent en détail la décision d'adopter le missile BOMARC et la négociation de l'accord de partage de la production avec les États-Unis.

L'ajout d'armes nucléaires au parapluie de défense aérienne nord-américaine a compté pour beaucoup dans la création du NORAD et dans la décision de miser sur le missile BOMARC plutôt que sur le CF-105 pour contrer la menace militaire soviétique. Les États-Unis firent pression pour que les autorités canadiennes intègrent des moyens offensifs atomiques au bouclier de défense continentale, la première fois en décembre 1957 [documents 26 et 27], et le Cabinet approuva avec circonspection la tenue de négociations exploratoires pour le stockage d'armes nucléaires sur le territoire canadien, à Goose Bay. Cependant, les hauts fonctionnaires du ministère des Affaires extérieures furent rapides à faire observer que les tentatives du ministère de la Défense nationale de minimiser ou de méconnaître les ramifications politiques du déploiement d'armes nucléaires au Canada étaient une erreur, car cela impliquait que le Canada ne jouerait plus un rôle de défense passive mais un « rôle de fournisseur d'installations destinées à renforcer la puissance de frappe des forces offensives du Commandement des forces aériennes stratégiques » [document 35]. Le Comité du Cabinet sur la défense discuta de la question de manière approfondie, en avril 1958 [document 55], et les pourparlers militaires se poursuivirent jusqu'à la fin de l'année. La décision d'acquérir des missiles BOMARC fit changer le ton et l'urgence du débat. Comme ces missiles devaient être munis de têtes nucléaires pour bien fonctionner, le gouvernement canadien était dès lors, selon toute logique, décidé à acheter des armes nucléaires pour les forces canadiennes. Par la suite, le Cabinet accepta d'entamer des négociations « difficiles et complexes » pour acquérir des armes nucléaires [document 95], et des consultations interministérielles intensives eurent lieu pour préparer les ministres à la réunion du Comité conjoint de la défense à Paris, en décembre 1958. Le point le plus important qui a fait l'objet de discussions au Comité se révéla être le contenu de la version préliminaire d'une déclaration devant être faite à la Chambre des communes portant sur la décision du Canada de négocier les modalités de l'acquisition d'armes nucléaires, et aussi de savoir qui était l'autorité politique suprême décidant de leur utilisation éventuelle.

Par ailleurs, le gouvernement Diefenbaker s'est penché sur un certain nombre de questions frontalières cruciales d'ordre économique, dont la plupart concernait les

be continued [Document 69]. Diefenbaker and Pearkes, however, in a decision reminiscent of their agreement to implement NORAD, privately decided to scrap the CF-105 [Document 70] following Pearkes' visit to Washington in the first week of August. During the next six weeks, the proposal to cancel the Arrow topped the agenda of the Cabinet Defence Committee and the full Cabinet; ultimately, the decision was made to continue the development programme for the Arrow until 31 March 1959 [Documents 88 and 89]. Additional documentation details the decision to adopt the BOMARC missile and the negotiation of a production sharing agreement with the United States.

The introduction of nuclear weapons into the North American air defence umbrella was intimately related to the formation of NORAD and the decision to rely on the BOMARC instead of the CF-105 to counter the Soviet military threat. The United States first pressed Canadian officials to incorporate atomic capabilities into the continental defence shield in December 1957 [Documents 26 and 27], and Cabinet cautiously approved exploratory negotiations aimed at stockpiling nuclear weapons on Canadian soil at Goose Bay. Department of External Affairs officials, however, quickly emphasized that Department of National Defence attempts to minimize or ignore the political ramifications of deploying nuclear weapons in Canada were misguided, since it involved switching from a passive defence role to the "provision by Canada of facilities to enhance the striking power of the Strategic Air Command offensive forces" [Document 35]. After the Cabinet Defence Committee discussed the issue in a detailed fashion in April 1958 [Document 55], military talks continued throughout 1958. The decision to acquire BOMARC missiles altered the tone and urgency of the debate. As the BOMARC required nuclear warheads to function effectively, the Canadian government was now logically committed to acquiring nuclear arms for use by Canadian forces. Cabinet subsequently agreed to begin the "difficult and complicated" negotiations to secure nuclear weapons [Document 95], and intensive inter-departmental consultations occurred to prepare ministers for the December 1958 Joint Committee on Defence meeting in Paris. The most important matter discussed by the Joint Committee proved to be the contents of a draft statement to be made in the House of Commons about Canada's decision to negotiate terms for acquiring nuclear weapons, including the ultimate political control over their potential use.

The Diefenbaker government also addressed a number of critical cross-border economic issues, many of which concerned restrictive import measures adopted by both Ottawa and Washington. Canada contemplated raising duty values on fruits and vegetables and placed restrictions on turkey and fowl imports. The Department of External Affairs believed these measures violated Canadian GATT obligations, a view shared by the American government, which protested Canadian actions as "disappointing in the context of the need for expansion of world trade so often stressed by leaders of the Canadian government" [Document 188]. Canadian officials were equally concerned with new American restrictions on crude oil and lead and zinc imports, as well as the perennial problems posed by American surplus disposal policies under Public Law 480. Ottawa issued a flurry of strongly worded diplomatic notes objecting to Washington's policies, with seemingly little effect.

Despite these important trade irritants, a major breakthrough was made in the complex negotiations designed to secure agreement with Washington to develop the

mesures de restriction des importations adoptées par Ottawa et Washington. Le Canada envisageait d'augmenter les droits sur les fruits et les légumes et d'imposer des restrictions sur les importations de dindes et de volaille. Le ministère des Affaires extérieures jugeait que ces mesures violaient les obligations du Canada imposées par le GATT, point de vue partagé par le gouvernement américain qui protesta contre ces mesures canadiennes, à son avis « décevantes, compte tenu de la nécessité du développement du commerce international si souvent soulignée par les dirigeants du gouvernement canadien » [document 188]. Les hauts fonctionnaires canadiens étaient également préoccupés par les nouvelles restrictions imposées par les États-Unis sur les importations de pétrole brut, de plomb et de zinc, et aussi par les problèmes sans fin posés par les politiques américaines d'écoulement des excédents en vertu de la *Public Law 480*. Ottawa envoya une série de notes diplomatiques bien senties pour marquer son opposition aux politiques de Washington, mais elles eurent apparemment peu d'effets.

Malgré ces grands sujets de discorde commerciale, on enregistra une percée majeure dans les négociations complexes qui visaient à trouver un accord avec Washington pour la mise en valeur du bassin du fleuve Columbia. Le gouvernement Diefenbaker constitua un comité sur les problèmes du fleuve Columbia, qui en fin de compte se révéla capable d'établir des mécanismes de liaison avec le gouvernement provincial de la Colombie-Britannique en octobre 1958. Les notes diplomatiques échangées entre Ottawa et Washington en novembre et en décembre 1958 [documents 223 et 225] jetèrent les bases qui permirent d'amorcer les négociations officielles par l'entremise de la Commission mixte internationale.

Le chapitre II du présent volume décrit la politique étrangère du Canada au Moyen-Orient, région qui continuait d'être un grand sujet de tensions Est-Ouest. Ottawa demeura engagé dans son rôle de maintien de la paix après la crise de Suez de 1956, et réaffirma sa participation à la Force d'urgence des Nations Unies (FUNU) en juillet 1957 [document 256]. Par ailleurs, la délégation canadienne, présente à la Douzième Session de l'Assemblée générale des Nations Unies, joua un rôle déterminant en donnant au financement de la FUNU une assise solide et permanente. Le gouvernement Diefenbaker s'employa également avec diligence à maintenir l'embargo canadien sur les envois de matériel militaire au Moyen-Orient, en approuvant une politique complète en matière de contrôle des exportations d'armes en septembre 1957 [document 236]. Cette politique fit l'objet d'une attention de plus en plus grande après que le gouvernement israélien eut présenté des demandes pour se procurer du matériel militaire au Canada. Les représentations dans ce but furent faites sous très forte pression lors de la visite du ministre israélien des Affaires étrangères, Golda Meir, à Ottawa, en octobre 1958 [document 388].

Les problèmes du Moyen-Orient furent cependant éclipsés par la crise internationale qui éclata au Liban et en Jordanie à l'été 1958. La poursuite de la pénétration économique de l'Union soviétique au Moyen-Orient et l'union entre l'Égypte et la Syrie en vue de former la République arabe unie (RAE) avaient provoqué une escalade des tensions dans la région au début de l'année. Au printemps, le Liban et son gouvernement pro-occidental faible, dirigé par le président Camille Chamoun, étaient de fait assiégés. Le Canada chercha activement des assurances de la part de l'ONU pour le Liban, et il accepta de servir dans le Groupe d'observation des Nations Unies (GONUL) en juin 1958 [document 326]. Toutefois, le renversement,

Columbia River Basin. The Diefenbaker government established the Cabinet Committee on the Columbia River Problems, which eventually proved able to establish liaison mechanisms with the provincial government of British Columbia in October 1958. Diplomatic notes exchanged between Ottawa and Washington in November and December 1958 [Documents 223 and 225] laid the basis for formal negotiations to commence through the International Joint Commission.

Chapter II of this volume documents Canada's foreign policy towards the Middle East, a region which also continued to be a flashpoint for East-West tensions. Ottawa remained committed to a peacekeeping role in the aftermath of the 1956 Suez Crisis and reaffirmed its participation in the United Nations Emergency Force (UNEF) in July 1957 [Document 256]. Moreover, the Canadian delegation to the Twelfth Session of the United Nations General Assembly played a leading role in placing UNEF financing on a sound and permanent footing. The Diefenbaker government also worked diligently to maintain Canada's embargo on shipments of military equipment to the Middle East, approving a comprehensive policy to control the export of arms in September 1957 [Document 236]. This policy came under increasing scrutiny as a result of the Israeli government's requests to secure military equipment from Canada. These representations were most forcefully made during the visit of the Israeli Foreign Minister, Golda Meir, to Ottawa in October 1958 [Document 388].

These Middle Eastern matters, however, were overshadowed by an international crisis in Lebanon and Jordan in the summer of 1958. Continued Soviet economic penetration of the Middle East and the union of Egypt and Syria to form the United Arab Republic (UAR) had steadily increased tensions in the region early in the year. By the spring, Lebanon and its weak pro-Western government headed by President Camille Chamoun was effectively under siege. Canada was active in seeking UN assurances for Lebanon and agreed to serve in the United Nations Observer Group in Lebanon (UNOGIL) in June 1958 [Document 326]. But the bloody overthrow of the pro-Western Iraqi monarchy resulted in Lebanon's immediate call for military support, and American and British troops landed in Lebanon and Jordan to preserve the existing governments in Beirut and Amman. The American intervention activated NORAD states of readiness protocols and brought home to Ottawa for the first time the unforeseen and far-reaching implications of North American defence cooperation [Document 66]. Eventually, in August 1958, an Emergency Special Session of the United Nations General Assembly was convened to defuse the crisis. While Sidney Smith reported from New York with typical Canadian modesty that he was "not ashamed of Canada's contribution" to the special UN debate [Document 382], the American reaction was more gratifying. United States Secretary of State John Foster Dulles praised Ottawa's diplomatic effort as "the key to a successful outcome" [Document 383].

As much of the documentation in Chapter III indicates, Cold War themes dominated Canadian foreign policy in the Far East. Ottawa was keenly interested in policy issues concerning Communist China. Canadian officials, spurred on by the desire to increase Sino-Canadian trade, again evaluated the merits of recognizing the Peking government, before deciding that there was "no clear cut balance of argument discernible" on the issue [Document 466]. Washington, of course, remained implacably opposed to any change in the West's longstanding opposition to the recognition of Communist China. President Eisenhower emphasized this in personal discussions

dans le sang, de la monarchie iraquienne pro-occidentale poussa immédiatement le Liban à demander un appui militaire, et des troupes américaines et britanniques débarquèrent au Liban et en Jordanie pour protéger les gouvernements en place à Beyrouth et à Amman. L'intervention américaine déclencha les protocoles du NORAD d'intervention immédiate et fit voir à Ottawa, pour la première fois, les conséquences imprévues et la grande portée de la coopération en matière de défense nord-américaine [document 66]. Finalement, en août 1958, une séance extraordinaire d'urgence de l'Assemblée générale des Nations Unies fut convoquée pour désamorcer la crise. À la déclaration empreinte de modestie habituelle propre aux Canadiens que Sidney Smith fit à New York, à savoir qu'il « n'avait pas honte de la contribution canadienne » au débat spécial des Nations Unies [document 382], les Américains eurent une réaction plus flatteuse. Le secrétaire d'État américain John Foster Dulles loua en effet les efforts diplomatiques d'Ottawa « ayant rendu possible une issue heureuse » [document 383].

Comme la plus grande partie des documents du chapitre III l'indiquent, les thèmes de la guerre froide ont dominé la politique étrangère canadienne en Extrême-Orient. Ottawa s'intéressait vivement aux enjeux politiques concernant la Chine communiste. Désirant développer les échanges commerciaux avec la Chine, les hauts fonctionnaires canadiens évaluèrent de nouveau les avantages de reconnaître le gouvernement de Pékin avant de décider qu'« aucun argument décisif ne faisait pencher la balance d'un côté plutôt que de l'autre » [document 466]. Washington, bien sûr, resta farouchement opposé à tout changement de la position traditionnelle de l'Ouest, qui était de ne pas reconnaître la Chine communiste. Le président Eisenhower insista là-dessus au cours des discussions personnelles qu'il eut avec le premier ministre Diefenbaker [document 7], tandis que le département d'État fit suivre la démarche du président d'un aide-mémoire « complet mais quelque peu dogmatique » [document 468] en août 1958, qui insistait sur le maintien d'un front commun occidental.

Le débat diplomatique sur la reconnaissance du gouvernement de Pékin fut rapidement balayé par l'irruption d'une autre crise grave dans le détroit de Taïwan. Les conséquences stratégiques des actions militaires américaines dans le Pacifique amenèrent Sidney Smith à prévenir personnellement l'ambassadeur américain que le gouvernement canadien était « profondément préoccupé » par la crise et par les complications que pourraient entraîner une déclaration d'intervention d'urgence immédiate par les commandants du NORAD, impliquant les forces de défense aérienne canadiennes [document 427]. Tout au long de la crise, les hauts fonctionnaires canadiens à Washington et ceux aux Nations Unies, à New York, suivirent la situation avec un vif intérêt jusqu'à la diminution graduelle des tensions dans la région en octobre 1958.

Le Canada resta concerné de fort près par la guerre froide asiatique en raison de son adhésion aux commissions internationales de surveillance et de contrôle. Pour le Laos et le Cambodge, Ottawa jugea que les commissions avaient eu leur utilité, mais que le temps était venu de les dissoudre. Le présent volume relate les tractations diplomatiques auxquelles a donné lieu la décision du Cabinet d'avril 1958 de se retirer unilatéralement de la Commission du Laos si l'Inde et la Pologne en refusaient la dissolution; la Commission ajourna finalement *sine die* en juillet. Toutefois, le volume ne compte aucun document sur la Commission du Cambodge, car l'impasse créée par la dissolution de la Commission en 1956 – documents dans le volume 23 – ne fut pas résolue au cours de la période visée ici. Arthur Blanchette, chef de la délégation canadienne à

with Prime Minister Diefenbaker [Document 7], while the State Department followed up the President's démarche with a "comprehensive but somewhat dogmatic" [Document 468] aide-memoire in August 1958 insisting on the maintenance of a common Western front.

This diplomatic debate over the desirability of recognizing Peking was quickly superseded by the outbreak of another serious crisis in the Taiwan Straits. The strategic impact of American military actions in the Pacific caused Sidney Smith to personally warn the American Ambassador that the Canadian government was "gravely concerned" about the crisis and the possible complications of a declaration of a state of readiness by NORAD commanders involving Canadian air defence forces [Document 427]. Throughout the crisis, Canadian officials in Washington and at the United Nations in New York monitored the situation with keen interest prior to the gradual de-escalation of tensions in the region in October 1958.

Canada remained most closely exposed to the Asian Cold War through its membership in the International Commissions for Supervision and Control. In Laos and Cambodia, Ottawa believed that the Commissions had served a useful purpose but that the time had come for their dissolution. This volume documents the diplomacy involved in the April 1958 Cabinet decision to withdraw unilaterally from the Laos Commission if India and Poland did not agree to dissolution; this Commission eventually adjourned *sine die* in July. However, no documentation on the Cambodian Commission is included in this volume as the deadlock that developed over dissolution of this Commission in 1956—documented in detail in Volume 23—was not resolved in the period covered by this volume. Arthur Blanchette, the head of the Canadian delegation in Phnom Penh, summed up the Canadian attitude towards the inertia of the Cambodian Commission when he informed his superiors that "rarely in the course of human events has so much money been spent by so many countries to so little avail".[1] The Diefenbaker government recognized that the Vietnam Commission continued to play an important role in preserving a semblance of political stability in the region in the face of North Vietnamese attempts to destabilize the South Vietnamese regime. For this reason, Canada was alarmed at American proposals advanced in the summer of 1958 to increase the number of United States military advisors in Vietnam. Strong representations made by Canadian officials – who feared the destabilizing effects of Washington's plans – failed to sway American opinion.

As the documentation in Chapter IV indicates, Eastern Europe and the Soviet Union remained high on Ottawa's foreign policy agenda. Cabinet continued to devote attention to the problem of Hungarian refugees, although an unfortunate jurisdictional dispute between the Department of External Affairs and the Department of Citizenship and Immigration resulted in Canada's refusal to admit thousands of needy Hungarian refugees and the embarrassment of Canada's chief immigration representative in Geneva. A Soviet diplomatic initiative in December 1958 resulted in an exchange of correspondence between Soviet Premier Nicolai Bulganin and Prime Minister Diefenbaker and spurred early East-West discussions aimed at the convening of a summit meeting. Moscow's increasing confidence on the international stage and internal changes in the Soviet Union also prompted debate within the Department of

---

[1] Phnom Penh Letter 23?, Commissioner, ICSC, Cambodia to Under-Secretary of State for External Affairs, November 26, 1958, DEA/50052-C-40.

Phnom Penh, résuma, dans une communication à ses supérieurs, les sentiments du Canada envers l'inertie de la Commission du Cambodge en ces termes : « Rarement a-t-on vu dans l'histoire des activités humaines, autant d'argent dépensé par un si grand nombre de pays pour si peu de résultat »[1]. Le gouvernement Diefenbaker admit que la Commission du Vietnam continuait à jouer un rôle important, car elle préservait une relative stabilité politique dans la région face aux tentatives nord-vietnamiennes de déstabilisation du régime sud-vietnamien. C'est pour cette raison que le Canada s'alarma quand Washington proposa, à l'été 1958, d'augmenter le nombre de conseillers militaires américains au Vietnam. Les diplomates canadiens, qui craignaient les effets déstabilisateurs des plans de Washington, protestèrent énergiquement, sans parvenir toutefois à infléchir l'opinion américaine.

Selon les documents du chapitre IV, l'Europe de l'Est et l'Union soviétique restèrent en haut des priorités du programme de la politique étrangère d'Ottawa. Le Cabinet continua de porter attention au problème des réfugiés hongrois, mais en raison d'un malheureux conflit de compétences entre le ministère des Affaires extérieures et celui de la Citoyenneté et de l'Immigration, le Canada refusa d'accueillir des milliers de réfugiés hongrois dans le besoin, ce qui plongea le représentant principal de l'immigration du Canada à Genève dans l'embarras. En décembre 1958, une initiative diplomatique soviétique fut à l'origine d'un échange de correspondance entre le premier ministre soviétique Nicolaï Boulganine et le premier ministre Diefenbaker et amorça les premières discussions Est-Ouest en vue de la convocation d'une réunion au sommet. L'assurance croissante de Moscou sur la scène internationale et les changements en Union soviétique suscitèrent, au ministère des Affaires extérieures, des débats sur les intentions des Soviétiques et sur les stratégies occidentales pour les contenir. Un document préparé par le Ministère et largement distribué, engagea finalement les pays de l'Ouest à adopter un mode d'action « au coup par coup et fondé sur la patience » s'inscrivant à l'intérieur d'un « projet de grande envergure et empreint d'imagination » en vue d'obtenir une coopération Est-Ouest [document 520].

Pendant les trois premiers mois du mandat conservateur, John Diefenbaker s'occupa du portefeuille des Affaires extérieures, en plus de remplir ses fonctions de premier ministre. Tout au long de son mandat, il garda un vif intérêt pour les affaires internationales et insista pour traiter lui-même les questions de politique étrangère délicates, comme il le fit dans les dossiers du NORAD et du CF-105. La tendance de Diefenbaker à prendre les décisions de politique étrangère capitales venait également de sa méfiance envers les hauts fonctionnaires du ministère des Affaires extérieures, certains étant, à ses yeux des « Pearsonnalités » en raison de leur allégeance apparente à leur ancien chef politique. Par conséquent, en août 1957, Robert Bryce fit en sorte de faire nommer H. Basil Robinson agent chargé de la liaison permanente entre le Cabinet du premier ministre et le Ministère, fonction dont Robinson s'acquitta remarquablement. En septembre 1957, Diefenbaker nomma Sidney Smith, recteur de l'Université de Toronto, au poste de secrétaire d'État aux Affaires extérieures. Administrateur et universitaire capable, Smith ne réussit pas à acquérir un rôle indépendant en tant que ministre des Affaires extérieures avant son décès soudain en mars 1959.

---

[1] Phnom Penh, lettre 237, du commissaire, CISC, Cambodge, au sous-secrétaire d'État des Affaires extérieures, 26 novembre 1958, MAE/50052-C-40.

External Affairs about Soviet intentions and Western strategies for containment. A widely-circulated paper prepared in the Department ultimately called for the West to adopt a "patient and piecemeal approach" within a "grand and imaginative design" to secure East-West cooperation [Document 520].

For the first three months of the Conservative mandate, John Diefenbaker held the portfolio of Secretary of State for External Affairs in addition to his duties as Prime Minister. Throughout his term in office, Diefenbaker maintained a keen interest in international affairs and insisted on personally addressing critical foreign policy issues himself, as evidenced by his handling of the NORAD and CF-105 situations. Diefenbaker's tendency to make key foreign policy decisions also resulted from his suspicion of senior Department of External Affairs officials, some of whom he viewed as "Pearsonalities" due to their perceived allegiance to their former political master. As a result, Robert Bryce arranged in August 1957 to have H. Basil Robinson appointed as a full-time liaison between the Prime Minister's Office and the Department, a responsibility that Robinson handled with distinction. In September 1957, Diefenbaker selected Sidney Smith, President of the University of Toronto, to fill the position of Secretary of State for External Affairs. An able academic administrator, Smith failed to carve out an independent role for himself as foreign minister before his sudden death in March of 1959.

Both Diefenbaker and Smith were able to draw on the advice of a veteran group of senior External Affairs officials during the first eighteen months of the Progressive Conservative administration. Jules Léger continued to serve as Under-Secretary of State for External Affairs until Norman Robertson replaced him in October 1958. R.M. Macdonnell assisted Léger and Robertson as Deputy Under-Secretary from September 1958 (this position had been vacant from May 1957). The Department depended on the services of four Assistant Under-Secretaries during the period covered by this volume: John Holmes, Douglas LePan, W.D. Matthews, and Marcel Cadieux. Cadieux also served as the Department's Legal Adviser.

No major changes in representation occurred at Canada's most important posts abroad until the autumn of 1958. Norman Robertson served as Ambassador in Washington until 10 October 1958 before he returned to Ottawa to assume his duties as Under-Secretary. A.D.P. Heeney replaced Robertson in Washington. Jules Léger left Ottawa to become Canada's Permanent Representative to the North Atlantic Council and Representative to the Organization for European Economic Cooperation in September 1958; he replaced the retiring Dana Wilgress in these posts. In June 1957, Diefenbaker appointed George Drew as High Commissioner to the United Kingdom. David Johnson served as Canada's Ambassador in Moscow from September 1957.

Documents in this volume were selected primarily from the records of the Department of External Affairs and the Privy Council Office. Additional documents were chosen from the files of the departments of Trade and Commerce and Citizenship and Immigration, and from the private papers of Cabinet ministers and senior government officials. In preparing this volume, I was given unrestricted access to the files of the Department of External Affairs and generous access to other collections. A complete list of the archival sources consulted to prepare this volume is found on page xxv.

Diefenbaker et Smith purent tous deux profiter des conseils d'un groupe d'anciens hauts fonctionnaires des Affaires extérieures pendant les 18 premiers mois du gouvernement conservateur. Jules Léger demeura sous-secrétaire d'État aux Affaires extérieures avant que Norman Robertson ne le remplace en octobre 1958. R.M. Macdonnell les seconda tous les deux en qualité de sous-secrétaire d'État adjoint à compter de septembre 1958 (ce poste était inoccupé depuis mai 1957). Pendant la période couverte dans le présent volume, le Ministère compta quatre sous-secrétaires adjoints, à savoir : John Holmes, Douglas LePan, W.D. Matthews et Marcel Cadieux. Ce dernier fut également jurisconsulte du Ministère.

Aucun changement majeur d'ambassadeur n'intervint dans les principales missions du Canada à l'étranger jusqu'à l'automne 1958. Norman Robertson fut ambassadeur à Washington jusqu'au 10 octobre 1958, date à laquelle il regagna Ottawa pour assumer ses fonctions de sous-secrétaire. A.D.P. Heeney le remplaça dans la capitale américaine. Jules Léger quitta Ottawa pour devenir le représentant permanent du Canada au Conseil de l'Atlantique Nord et à l'Organisation européenne de coopération économique en septembre 1958; il remplaça à ces postes Dana Wilgress, partie à la retraite. En juin 1957, Diefenbaker nomma George Drew à titre de haut-commissaire du Canada au Royaume-Uni. David Johnson fut ambassadeur à Moscou à partir de septembre 1957.

Les documents présentés dans le présent volume ont été choisis principalement dans les archives du ministère des Affaires extérieures et du Bureau du Conseil privé. D'autres documents ont été choisis dans les dossiers des ministères des Finances, du Commerce, de la Citoyenneté et de l'Immigration, ainsi que dans les papiers personnels de ministres du Cabinet et de hauts fonctionnaires. J'ai bénéficié, pour préparer le présent volume, d'un accès illimité aux dossiers du ministère des Affaires extérieures et d'un accès généreux à d'autres collections. Une liste complète des archives consultées figure à la page xxv.

Le choix des documents du volume 24 est guidé par les principes généraux énoncés dans l'introduction au volume 7 (pp. ix-xi), et amendés dans l'introduction au volume 20 (p. xxiii). En bref, la série se voudrait un « compte rendu indépendant des principales décisions de politique étrangère prises par le gouvernement du Canada », en se concentrant sur les relations bilatérales et multilatérales les plus importantes de celui-ci et sur les grands dossiers internationaux qui ont amené des membres du Cabinet et de hauts fonctionnaires à prendre part aux décisions politiques de fond.

Même si cinq décennies ont passé, des parties importantes de documents clés relatifs à l'acquisition d'armes nucléaires traitée dans ce volume n'ont pas été déclassifiés par le Bureau du Conseil privé et le ministère de la Défense nationale selon les dispositions de la *Loi sur l'accès à l'information*. Environ 70 lignes de texte des conclusions du Cabinet du 9 décembre 1958 [document 134] et du 22 décembre 1958 [document 137] qui portent sur la politique proposée du Canada en matière d'armes nucléaires demeurent inaccessibles aux chercheurs. Quatre lignes du texte des conclusions du Cabinet en date du 24 janvier 1958 [document 120] qui portent sur le ravitaillement des installations américaines au Canada ont été retirées. Le mandat du NORAD attaché au document 45 n'est pas, non plus, reproduit. Les noms de plusieurs particuliers ont également été retirés des documents 242, 243, 245, 247, 253, 254 et 459 pour protéger leur identité selon la *Loi sur la protection des renseignements personnels*.

The selection of documents in Volume 24 is guided by the general principles outlined in the Introduction to Volume 7 (pp.ix-xi), as amended in the Introduction to Volume 20 (p. xxiii). In short, the series attempts to provide a "self-contained record of the major foreign policy decisions taken by the Government of Canada," by concentrating on Canada's most important bilateral and multilateral relationships and on the major international issues that directly involved Cabinet members and senior bureaucrats in substantive policy decisions.

Despite the fact that nearly five decades have elapsed, significant portions of the key documents pertaining to the acquisition of nuclear weapons included in this volume have not been declassified by the Privy Council Office and the Department of National Defence under the terms of the Access to Information Act. Approximately seventy lines of text from the Cabinet Conclusions of 9 December 1958 [Document 134] and 22 December 1958 [Document 137] discussing Canada's proposed nuclear weapons policy remain closed to researchers. Four lines of text from the Cabinet Conclusions of 24 January 1958 [Document 120] discussing American military refuelling facilities in Canada have been withheld. The NORAD Terms of Reference attached to Document 45 are also not printed. The names of several private citizens have also been removed from Documents 242, 243, 245, 247, 253, 254, and 459 to protect their identities under the terms of the Privacy Act.

The editorial apparatus employed in this volume remains identical to that described in the Introduction to Volume 9 (p. xix). A dagger (†) indicates a Canadian document that is not printed. Editorial excisions are shown by an ellipse (...). The phrase "group corrupt" indicates decryption problems in the transmission of the original telegram. Words and passages that were struck out by the author, marginal notes, and distribution lists are reproduced as footnotes only when important. Unless otherwise indicated, it is assumed that documents have been read by the intended recipient. Proper and place names are standardized. The editor has silently corrected spelling, capitalization, and punctuation, as well as transcription errors whose meaning is clear from their context. All other editorial additions to the documents are indicated by the use of square brackets. Documents are reprinted in either English or French, depending on their original language.

Many individuals collaborated in the preparation of this volume. The Historical Section continues to rely on the staff of the National Archives of Canada for help in locating relevant records. In particular, Paulette Dozois and Maureen Hoogenraad responded quickly to requests for assistance. At the Privy Council Office, Ciuineas Boyle, the director of the Access to Information and Privacy Division, and Herb Barrett facilitated access to classified Cabinet records for the period and declassified several documents that are printed in this volume. At the Diefenbaker Canada Centre, Bruce Shepard, the Director, Johnson Kong, and Rob Paul provided invaluable assistance during my stay in Saskatoon and responded quickly to many subsequent requests for information. Basil Robinson steered me toward important documentation contained in his personal papers. Finally, Father Jacques Monet, s.j., graciously granted permission for me to view the papers of Jules Léger.

Ted Kelly helped research portions of this volume and supervised the production process with great efficiency. Boris Stipernitz, Liz Turcotte, and Michael Carroll provided invaluable assistance in researching extensive sections of this volume. Christopher Cook conducted archival research and proofread the manuscript. Hector

Les signes typographiques employés dans le présent volume sont les mêmes que ceux décrits dans l'introduction au volume 9 (p. xix). Une croix (†) indique un document canadien qui n'est pas imprimé. Les suppressions éditoriales sont signalées par une ellipse (...). L'expression « groupe corrompu » signale des problèmes de décryptage dans la transmission du télégramme original. Les mots et les passages qui ont été barrés par l'auteur, les notes dans la marge et les listes de distribution sont reproduits sous forme de notes de bas de page uniquement quand ils sont importants. Sauf indication contraire, il est entendu que les documents ont été lus par le destinataire prévu. Les noms propres et noms de lieu sont normalisés. Le rédacteur a corrigé discrètement les fautes d'orthographe, de majuscule et de ponctuation, ainsi que les erreurs de transcription dont le sens est clair d'après le contexte. Tous les autres ajouts rédactionnels aux documents sont indiqués par des crochets. Les documents sont reproduits en anglais ou en français, selon leur langue originale.

De nombreuses personnes ont collaboré à la préparation du présent volume. La Section des affaires historiques continue de s'en remettre au personnel des Archives nationales du Canada pour localiser les archives recherchées. Paulette Dozois et Maureen Hoogenraad ont, en particulier, répondu rapidement aux demandes d'aide. Au Bureau du Conseil privé, Ciuineas Boyle, directeur de la Direction de l'accès à l'information et de la protection des renseignements personnels, et Herb Barrett ont facilité la consultation des archives classifiées du Cabinet de l'époque et ont déclassifié plusieurs documents reproduits dans ce volume. Au Centre Diefenbaker Canada, Bruce Shepard, le directeur, Johnson Kong et Rob Paul m'ont été d'une aide précieuse pendant mon séjour à Saskatoon, et ils ont répondu rapidement aux nombreuses demandes de renseignements que je leur ai ensuite adressées. Basil Robinson m'a dirigé vers une documentation importante faisant partie de ses papiers personnels. Enfin, le père Jacques Monet, s.j., m'a gentiment permis d'examiner les papiers de Jules Léger.

Ted Kelly a aidé à la recherche pour certaines parties du présent volume et supervisé le processus de production avec beaucoup d'efficacité. Boris Stipernitz, Liz Turcotte et Michael Carroll ont prêté leur précieux concours pour effectuer la recherche nécessaire à de grands passages du présent volume. Christopher Cook a effectué des recherches dans les archives et corrigé le manuscrit. Hector Mackenzie et Mary Halloran ont dispensé des conseils et apporté un soutien moral pendant la mise en forme. John Hilliker, qui a longtemps été éditeur général de cette série, et son successeur Greg Donaghy, ont examiné soigneusement tout le manuscrit et ont suggéré des idées constructives et détaillées pour l'améliorer. La production de la série elle-même ne serait pas possible sans le soutien de l'ancien directeur de la Direction des programmes de communications et de sensibilisation, Gaston Barban, de Roger Bélanger et de René Cremonese, ses successeurs à la Direction des programmes de sensibilisation et des communications électroniques. Je suis seul responsable du choix final des documents présentés dans ce volume.

La Section des affaires historiques a fourni le texte supplémentaire et coordonné la préparation technique du présent document. Aline Gélineau a tapé et composé le manuscrit. Gail Kirkpatrick Devlin a corrigé le manuscrit et dressé la liste des personnes. Le Bureau de la traduction a fourni le français pour l'essentiel des légendes et des textes secondaires, qui ont été soigneusement revus par Francine Fournier de la Direction des services de communications.

Mackenzie and Mary Halloran provided advice and moral support during the editing process. John Hilliker, the long-time general editor of this series, and his successor, Greg Donaghy, carefully scrutinized the manuscript in its entirety and offered constructive and detailed suggestions for improvement. The series would not be possible without the support of the former director of the Communications Programs and Outreach Division, Gaston Barban, and Roger Bélanger and René Cremonese, the successive directors of the Outreach Programs and E-Communications Division. I remain solely responsible for the final selection of documents in this volume.

The Historical Section provided the supplementary text and coordinated the technical preparation of this volume. Aline Gélineau typed and formatted the manuscript. Gail Kirkpatrick Devlin proofread the manuscript and composed the List of Persons. The Translation Bureau supplied the French for most of the captions and ancillary texts. These were carefully edited by Francine Fournier of the Communications Services Division.

Finally, my wife, Robbie, patiently endured another extended period of separation while I completed this volume. I thank her for her continued support.

MICHAEL STEVENSON

Enfin, mon épouse, Robbie, a supporté patiemment une autre longue période de séparation, pendant laquelle j'ai terminé le présent volume. Je la remercie de son appui indéfectible.

MICHAEL STEVENSON

PROVENANCE DES DOCUMENTS[1]
LOCATION OF DOCUMENTS[1]

Dossiers de l'ambassade du Canada à Washington, Archives nationales (RG 25 B2)	C.E.W.	Canadian Embassy, Washington, Files, National Archives (RG 25 B2)
Dossiers du ministère des Affaires extérieures, Archives nationales (RG 25)	DEA	Department of External Affairs Files, National Archives (RG 25)
Dossiers du ministère des Finances, Archives nationales (RG 19)	DF	Department of Finance Files, National Archives (RG 19)
Documents de Donald Fleming Archives nationales (MG 32 B9)	D.M.F.	Donald Fleming Papers National Archives, (MG 32 B9)
Dossiers du ministère du Commerce, Archives nationales (RG 20)	DTC	Department of Trade and Commerce Files, National Archives (RG 20)
Documents de John Diefenbaker, Centre Diefenbaker (le numéro du dossier suit le numéro de la série)	J.G.D/ Series #.	John Diefenbaker Papers, Diefenbaker Centre (the file Number follows the series number)
Documents de Jules Léger Archives nationales (MG 32 A3)	J.L.	Jules Léger Papers National Archives (MG 32 A3)
Bureau du conseil privé—conclusions du cabinet et documents du Cabinet Archives nationales (RG 2)	PCO	Privy Council Office—Cabinet Conclusions and Cabinet Documents National Archives (RG 2)
Autres documents des archives du BCP Archives nationales (RG 2)	PCO/Vol. #	Other documents from PCO records National Archives (RG 2)

---

[1] Ceci est une liste des symboles utilisés pour indiquer la provenance des documents. Les cotes des collections déposées aux Archives nationales du Canada sont entre parenthèses.
This is a list of the symbols used to indicate the location of documents. The call numbers of collections deposited at the National Archives of Canada are in parentheses.

LISTE DES ABBRÉVIATIONS
LIST OF ABBREVIATIONS

AICBM	Anti-Intercontinental Ballistic Missile
ASTRA	Automatic Flight and Fire Control System
A/USSEA	Acting Under-Secretary of State for External Affairs
BMEWS	Ballistic Missile Early Warning System
CAS	Chief of the Air Staff (Canada)
CCC	Commodity Credit Corporation
CCOS	Chairman, Chiefs of Staff
CDC	Cabinet Defence Committee
CFA	Cease Fire Agreement
c.f.s.	cubic foot squared
CHINCOM	China Committee of the Paris Consultative Committee
CIA	Central Intelligence Agency (US)
CINCNORAD	Commander-in-Chief, NORAD
CNS	Chief of the Naval Staff (Canada)
COCOM	Coordinating Committee on Export Controls
CPC	Combined Policy Committee
CPSU	Communist Party of the Soviet Union
CRO	Commonwealth Relations Office (UK)
CSC	Chiefs of Staff Committee
CUSRPG	Canada/United States Regional Planning Group (NATO)
DDP	Department of Defence Production
DEW	Distant Early Warning
DOT	Department of Transport
DRVN	Democratic Republic of Vietnam
FBI	Federal Bureau of Investigation (US)
FO	Foreign Office (UK)
FTA	Free Trade Area
GATT	General Agreement on Tariffs and Trade
GOSPLAN	State Economic Planning Commission (Soviet Union)
GRC	Government of the Republic of China
ICBM	Intercontinental Ballistic Missile
ICEM	Intergovernmental Committee for European Migration
ICC	International Control Commission
IJC	International Joint Commission (Canada-US)
INS	Immigration and Naturalization Service (US)
IRBM	Intermediate-range ballistic missile
MAAG	Military Assistance Advisory Group
MSG	Military Study Group
MFN	Most Favoured Nation
NATO	North Atlantic Treaty Organization
NCO	Non-Commissioned Officer
N.N.	Neutral Nations
NORAD	North American Air Defence
NZ	New Zealand
OAS	Organization of American States
OTC	Organization for Trade Cooperation (GATT)
PAVN	People's Army of Vietnam
PERMIS	Permanent Mission of Canada to the United Nations
PC (O)	Privy Council (Office)
PL	Public Law (US)
PJBD	Permanent Joint Board on Defence (Canada-US)
R&D	Research and Development
RCAF	Royal Canadian Air Force
RCMP	Royal Canadian Mounted Police
RCN	Royal Canadian Navy
RLG	Royal Laotian Government
RTAA	Reciprocal Trade Agreements Act
SAC	Strategic Air Command (US)

SACEUR	Supreme Allied Commander, Europe (NATO)
SACLANT	Supreme Allied Commander, Atlantic (NATO)
SAGE	Semi-automatic ground environment
SEATO	Southeast Asia Treaty Organization
SHAPE	Supreme Headquarters, Allied Powers, Europe (NATO)
SMA	Senior Military Advisers (ICC)
STOL	Short take-off and Landing
SVM	South Vietnamese Mission
TACAN	Tactical Air Navigation
TERM	Temporary Equipment Recovery Mission
UAR	United Arab Republic
UK	United Kingdom
UN	United Nations
UNEF	United Nations Emergency Force
UNHCR	United Nations High Commissioner for Refugees
UNHQ	United Nations Headquarters
UNOGIL	United Nations Observer Group in Lebanon
UNTSO	United Nations Truce Supervisory Organization
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
USA	United States of America
USAF	United States Air Force
USDA	United States Department of Agriculture
USSEA	Under-Secretary of State for External Affairs
USSR	Union of Soviet Socialist Republics

LISTE DES PERSONNALITÉS[1]
LIST OF PERSONS[1]

ABBAS, voir Ardalan.	ABBAS, see Ardalan.
ACHESON, Dean, ancien secrétaire d'État des États-Unis.	ACHESON, Dean, former Secretary of State of United States.
ADAMS, gouverneur Sherman, adjoint exécutif du président des États-Unis.	ADAMS, Governor Sherman, Executive Assistant to President of United States.
ADENAUER, Konrad, chancelier de la République fédérale d'Allemagne.	ADENAUER, Konrad, Chancellor of Federal Republic of Germany.
ALPHAND, Hervé, ambassadeur de la France aux États-Unis.	ALPHAND, Hervé, Ambassador of France in United States.
ANDERSON, Robert B., secrétaire au Trésor des États-Unis.	ANDERSON, Robert B., Secretary of the Treasury of United States.
ANSARI, dr. S.S., président indien, CISC, Laos.	ANSARI, Dr. S.S., Indian Chairman, ICSC, Laos.
ARDALAN, Abbas Gholi, représentant permanent suppléant de l'Irak auprès des Nations Unis (-juill. 1958).	ARDALAN, Abbas Gholi, Alternate Permanent Representative of Iraq to United Nations (-July 1958).
ARMSTRONG, Willis C., conseiller économique de l'ambassade des États-Unis.	ARMSTRONG, Willis C., Economic Counsellor, Embassy of United States.
AZKOUL, Karim, délégué du Liban à l'Assemblée générale des Nations Unies.	AZKOUL, Karim, Delegate of Lebanon to United Nations General Assembly.
BAILEY, John H., deuxième secrétaire (commercial), ambassade en France.	BAILEY, John H., Second Secretary (Commercial), Embassy in France.
BEALE, Thomas, sous-secrétaire adjoint aux Affaires économiques, département d'État des États-Unis.	BEALE, Thomas, Deputy Assistant Under Secretary of State for Economic Affairs, Department of State of United States.
BEAM, Jacob D. ambassadeur des États-Unis en Pologne.	BEAM, Jacob D., Ambassador of United States in Poland.
BEAULIEU, Paul, ambassadeur au Liban.	BEAULIEU, Paul, Ambassador in Lebanon.
BECKER, Loftus, conseiller juridique, département d'État des États-Unis.	BECKER, Loftus, Legal Advisor, Department of State of United States.
BEN GURION, David, premier ministre et ministre de la Défense de l'Israël.	BEN GURION, David, Prime Minister and Minister of Defence of Israel.
BENNETT, W.C., premier ministre de la Colombie-Britannique.	BENNETT, W.A.C., Premier of British Columbia.
BENSON, Ezra Taft, secrétaire à l'Agriculture des États-Unis.	BENSON, Ezra Taft, Secretary of Agriculture of United States.
BITAR, Salah al-Din, représentant de la Syrie à l'Assemblée générale des Nations Unies, 1957.	BITAR, Salah al-Din, Representative of Syria to United Nations General Assembly, 1957.
AL-BIZRI, général Afif, commandant des forces armées de la Syrie.	AL-BIZRI, General Afif, Officer Commanding the Armed Forces of Syria.

---

[1] Ceci est une sélection des principales personnalités canadiennes et de certaines personnalités de l'étranger souvent mentionnées dans les documents. Les notices biographiques se limitent aux fonctions qui se rapportent aux documents reproduits dans ce volume.

This is a selection of important Canadian personalities and some foreign personalities often mentioned in the documents. The biographical details refer only to the positions pertinent to the documents printed herein.

BLACK, Eugene, président de la Banque internationale pour la reconstruction et le développement.	**BLACK**, Eugene, President, International Bank for Reconstruction and Development.
BOULGANIN, Nikolai A., président, Conseil des ministres de l'Union soviétique (-mars 1958).	SEE **BULGANIN**
BOWER, R.P., amabassadeur au Venezuela.	**BOWER**, R.P., Ambassador in Venezuela.
BOYERSEN [**BOYSEN**], Jens Mogens, représentant permanent de la Norvège, Conseil de l'Atlantique Nord.	**BOYERSEN** [**BOYSEN**], Jens Mogens, Permanent Representative of Norway to North Atlantic Council.
BRIDLE, Paul, conseiller, délégation permanente auprès du Conseil de l'Atlantique Nord.	**BRIDLE**, Paul, Counsellor, Permanent Delegation to North Atlantic Council.
BROWNE, W.J., ministre sans portefeuille.	**BROWNE**, W.J., Minister without Portfolio.
BRYCE, R.B., greffier du Conseil privé et secrétaire du Cabinet.	**BRYCE**, R.B., Clerk of Privy Council and Secretary to Cabinet.
VOIR **BOULGANIN**	**BULGANIN**, Nikolai A., Chairman, Council of Ministers of Soviet Union (-Mar. 1958).
BUNCHE, Dr. Ralph, sous-secrétaire, Bureau des sous-secrétaires sans département, Secrétariat des Nations Unies.	**BUNCHE**, Dr. Ralph, Under-Secretary, Office of Under-Secretaries Without Department, United Nations Secretariat.
BURGESS, W. Randolph, sous-secrétaire aux Affaires monétaires, département du Trésor des États-Unis (-juill. 1957); représentant permanent, Conseil de l'Atlantique Nord.	**BURGESS**, W. Randolph, Under Secretary for Monetary Affairs, Treasury of United States (-July 1957); Permanent Representative to North Atlantic Council.
BURNS, major-général E.L.M., (lieut.-gén., janv. 1958) commandant, Force d'urgence des Nations Unies.	**BURNS**, Maj.-Gen. E.L.M., (Lt.-Gen. Jan. 1958), Commander, United Nations Emergency Force.
BURWASH, Dorothy, Direction économique.	**BURWASH**, Dorothy, Economic Division.
CACCIA, sir Harold, ambassadeur du Royaume-Uni aux États-Unis.	**CACCIA**, Sir Harold, Ambassador of United Kingdom in United States.
CADIEUX, Marcel, sous-secrétaire d'État adjoint aux Affaires extérieures et conseiller juridique.	**CADIEUX**, Marcel, Assistant Under-Secretary of State for External Affairs and Legal Advisor.
CAMPBELL Smith, R., premier secrétaire (commercial), ambassade en France.	**CAMPBELL** Smith, R., First Secretary (Commercial), Embassy in France.
CAMPBELL, maréchal de l'air H.L., chef d'état-major aérien (sept. 1957-).	**CAMPBELL**, Air Marshal H.L., Chief of Air Staff (Sept. 1957-).
CAMPBELL, Ross, chef, Direction du Moyen-Orient (août 1957-).	**CAMPBELL**, Ross, Head, Middle East Division (Aug. 1957-).
CARLSON, Delmar, deuxième secrétaire, ambassade des États-Unis.	**CARLSON**, Delmar, Second Secretary, Embassy of United States.
CARR, Robert M., directeur, Bureau des ressources internationaux, département d'État des États-Unis.	**CARR**, Robert M., Director, Office of International Resources, Department of State of United States.
CARTER, Thomas LeMesurier, commissaire canadien, CISC, Vietnam.	**CARTER**, Thomas LeMesurier, Commissioner, ICSC, Vietnam.
CASEY, Richard G., ministre des Affaires extérieures de l'Australie.	**CASEY**, Richard G., Minister of External Affairs of Australia.
CHAMOUN, Camille, président du Liban (-sept. 1958).	**CHAMOUN**, Camille, President of Lebanon (-Sept. 1958).

CHAPPELL, N.R., attaché à la Production pour la défense, ambassade aux États-Unis.	CHAPPELL, N.R., Attaché (Defence Production), Embassy in United States.
CHEHAB, général Fouad, commandant en chef de l'armée, premier ministre du Liban (mai 1958); président (sept.1958-).	CHEHAB, General Fouad, Army Commander in Chief, Premier of Lebanon (May 1958); President (Sept. 1958-).
VOIR TCHANG KAI-CHEK.	CHIANG KAI-SHEK, Generalissimo, President of Republic of China.
VOIR TCHOU EN-LAI.	CHOU EN-LAI, Prime Minister and Foreign Minister of People's Republic of China.
CHURCHILL, Gordon M., ministre du Commerce.	CHURCHILL, Gordon M., Minister of Trade and Commerce.
CHUVAHIN, D.S., ambassadeur de l'Union soviètique.	CHUVAHIN, D.S., Ambassador of Soviet Union.
CLEVELAND, J.H., chef, Direction de l'Amérique.	CLEVELAND, J.H., Head, American Division.
CORDIER, Andrew W., adjoint exécutif au secrétaire général des Nations Unies.	CORDIER, Andrew W., Executive Assistant to Secretary-General of United Nations.
CÔTÉ, E.A., sous-ministre adjoint des Affaires du Nord et des Ressources nationales.	CÔTÉ, E.A., Assistant Deputy Minister of Northern Affairs and National Resources.
COUILLARD, J. Louis, chef, Direction économique (-oct. 1958); ambassadeur au Venezuela.	COUILLARD, L.E., Head, Economic Division (-Oct. 1958); Ambassador in Venezuela.
CROSTHWAITE, P.M., représentant suppléant du Royaume-Uni auprès la Commission pour le désarmement des Nations Unies.	CROSTHWAITE, P.M., Alternate Representative of United Kingdom to the United Nations Disarmament Commission.
CUMMING-BRUCE, Francis, haut-commissaire suppléant du Royaume-Uni.	CUMMING-BRUCE, Francis, Deputy High Commissioner of United Kingdom.
DALE, William N., agent responsable des Affaires britanniques et irlandaises, Bureau des Affaires du Commonwealth britannique et d'Europe nord, Bureau des Affaires européennes, département d'État des États-Unis (-juin 1958); sous-directeur, Bureau des Affaires du Commonwealth britannique et d'Europe nord (juill. 1958-).	DALE, William N., Officer in Charge, United Kingdom and Ireland Affairs, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State of United States (-June 1958); Deputy Director, Office of British Commonwealth and Northern European Affairs (July 1958).
DAVIS, Henry F., ministre-conseiller, ambassade en France (-avr. 1958); chef, Direction européenne.	DAVIS, Henry F., Minister-Counsellor, Embassy in France (-Apr. 1958); Head, European Division.
DE GAULLE, général Charles, premier ministre de la France (juin 1958-).	DE GAULLE, General Charles, Prime Minister of France (June 1958-).
DEMBOWSKI, S., conseiller politique à la délégation polonaise, CISC, Laos.	DEMBOWSKI, S., Political adviser, Polish Delegation, ICSC, Laos.
DESAI, M.J., secrétaire aux Affaires du Commonwealth, ministère des Affaires extérieures de l'Inde.	DESAI, M.J., Commonwealth Secretary, Ministry of External Affairs of India.
DIEFENBAKER, John G., premier ministre; secrétaire d'État aux Affaires extérieures (juin-sept. 1957).	DIEFENBAKER, John G., Prime Minister; Secretary of State for External Affairs (June-Sept. 1957).
DIEM, Ngo Dinh, président de la République du Vietnam.	DIEM, Ngo Dinh, President of Republic of Vietnam.

DILLON, C. Douglas, sous-secrétaire adjoint aux Affaires économiques, département d'État des États-Unis.	DILLON, C. Douglas, Deputy Under Secretary of State for Economic Affairs, Department of State of United States.
DIXON, sir Pierson, représentant permanent du Royaume-Uni auprès des Nations Unies.	DIXON, Sir Pierson, Permanent Representative of United Kingdom to United Nations.
DREW, George A., haut-commissaire au Royaume-Uni (août 1957-).	DREW, George A., High Commissioner in United Kingdom (Aug. 1957-).
DULLES, John Foster, secrétaire d'État des États-Unis.	DULLES, John Foster, Secretary of State of United States.
EBAN, Abba, ambassadeur de l'Israël aux États-Unis.	EBAN, Abba, Ambassador of Israel in United States.
ECCLES, sir David, président, chambre de commerce du Royaume-Uni.	ECCLES, Sir David, President, Board of Trade of United Kingdom.
EISENHOWER, Dwight D., président des États-Unis.	EISENHOWER, Dwight D., President of United States.
ELBRICK, C.B., sous-secrétaire d'État adjoint aux Affaires européennes, département d'État des États-Unis.	ELBRICK, C.B., Deputy Assistant Secretary of State for European Affairs, Department of State of United States.
ENGEN, Hans, représentant permanent de la Norvège auprès des Nations Unies (-juill. 1958); ministre des Affaires étrangères de la Norvège.	ENGEN, Hans, Permanent Representative of Norway to United Nations (-July 1958); Minister of Foreign Affairs of Norway.
ENGLISH, John, sous-ministre adjoint, ministère du Commerce (-mai 1958); sous-ministre.	ENGLISH, John, Assistant Deputy Minister, Department of Trade and Commerce (-May 1958); Deputy Minister.
ENTEZAM, Nasrollah, ambassadeur de l'Iran en France et représentant à la douzième Assemblée générale des Nations Unies.	ENTEZAM, Nasrollah, Ambassador of Iran in France, Representative to United Nations 12^{e} General Assembly.
ERELL, Moshe, premier secrétaire, ambassade de l'Israël.	ERELL, Moshe, First Secretary, Embassy of Israel.
FARQUHARSON, R.A., conseiller, ambassade aux États-Unis.	FARQUHARSON, R.A., Counsellor, Embassy in United States.
FAWZI, Dr. Mahmoud, ministre des Affaires étrangères de l'Égypte.	FAWZI, Dr. Mahmoud, Foreign Minister of Egypt.
FLEMING, Donald, ministre des Finances.	FLEMING, Donald, Minister of Finance.
FORD, R.A.D., chef, Direction européenne (-mars 1957); ambassadeur en Colombie.	FORD, R.A.D., Head, European Division (-Mar. 1957); Ambassador in Colombia.
FORSYTH-SMITH, C.M., commissaire commercial à Hong Kong.	FORSYTH-SMITH, C.M., Trade Commissioner in Hong Kong.
FORTIER, colonel Laval, sous-ministre de la Citoyenneté et de l'Immigration.	FORTIER, Colonel Laval, Deputy Minister of Citizenship and Immigration.
FOULKES, lieutenant-général Charles, président du Comité des chefs d'état-major.	FOULKES, Lt.-Gen. Charles, Chairman, Chiefs of Staff Committee.
FULTON, E. Davey, ministre de la Justice.	FULTON, E. Davey, Minister of Justice.
GARNER, sir Joseph John Saville, haut-commissaire du Royaume-Uni.	GARNER, Sir Joseph John Saville, High Commissioner of United Kingdom.
GAUVIN, Michel, 1re Direction de liaison avec la Défense.	GAUVIN, Michel, Defence Liaison (1) Division.

GEORGES-PICOT, Guillaume, représentant permanent de la France auprès des Nations Unies.	GEORGES-PICOT, Guillaume, Permanent Representative of France to United Nations.
GIAP, voir Vo Nguyen Giap.	GIAP, See Vo Nguyen Giap.
GOLDEN, David, sous-ministre de la Production pour la défense.	GOLDEN, David, Deputy Minister of Defence Production.
GOLDSCHLAG, Klaus, deuxième secrétaire, haut-commissariat au Royaume-Uni (-août 1957); Direction économique.	GOLDSCHLAG, Klaus, Second Secretary, High Commission in United Kingdom (-Aug. 1957); Economic Division.
GOMULKA, Wladyslaw, premier secrétaire du Comité central du Parti des Ouvriers unifiés (communist) de la Pologne.	GOMULKA, Wladyslaw, First Secretary of Central Committee, United Workers Party (Communist) of Poland.
GOODMAN, E.A., avocat à Toronto.	GOODMAN, E.A., lawyer in Toronto.
GORALSKI, W., commissaire polonais, CISC, Vietnam.	GORALSKI, W., Polish Commissioner, ICSC, Vietnam.
GREEN, Howard, ministre des Travaux publiques.	GREEN, Howard, Minister of Public Works.
GREY, R.Y., Direction économique.	GREY, R.Y., Economic Division.
GROMYKO, Andrei, ministre des Affaires étrangères de l'Union soviétique.	GROMYKO, Andrei, Minister of Foreign Affairs of Soviet Union.
GUEST, Gowan T., adjoint exécutif et secrétaire particulier au premier ministre.	GUEST, Gowan T., Executive Assistant and Private Secretary to Prime Minister.
HAMILTON, Alvin, ministre des Affaires du Nord et des Ressources nationales (août 1957-).	HAMILTON, Alvin, Minister of Northern Affairs and National Resources (Aug. 1957-).
HAMMARSKJÖLD, Dag, secrétaire général des Nations Unies.	HAMMARSKJÖLD, Dag, Secretary General of United Nations.
HARKNESS, Douglas, ministre des Affaires du Nord et des Ressources nationales et ministre d'Agriculture par intérim (juin-août 1957); ministre d'Agriculture.	HARKNESS, Douglas, Minister of Northern Affairs and National Resources and Acting Minister of Agriculture (June-Aug. 1957); Minister of Agriculture.
HARVEY, Denis, directeur, Division des produits, ministère du Commerce.	HARVEY, Denis, Director, Commodities Branch, Department of Trade and Commerce.
HAUGE, Gabriel, adjoint spécial au président des États-Unis.	HAUGE, Gabriel, Special Assistant to President of United States.
HEENEY, A.D.P., ambassadeur aux États-Unis (-mai 1957).	HEENEY, A.D.P., Ambassador in United States (-May 1957).
HENDERSON, Loy, sous-secrétaire adjoint de l'Administration, département d'État des États-Unis.	HENDERSON, Loy, Deputy Under Secretary of State for Administration, Department of State of United States.
HERTER, Christian A., sous-secrétaire d'État et président, Conseil de coordination des activités, département d'État des États-Unis.	HERTER, Christian A., Under Secretary of State and Chairman, Operations Coordinating Board, Department of State of United States.
HOLMES, John W., sous-secrétaire d'État adjoint aux Affaires extérieures.	HOLMES, John W., Assistant Under-Secretary of State for External Affairs.
HOOVER, Herbert Jr., ancien sous-secrétaire d'État; conseiller au département d'État des États-Unis.	HOOVER, Herbert Jr., former Under Secretary of State of United States; advisor to Department of State.
HOPPER, Dr. W.C., conseiller (Agriculture), ambassade aux États-Unis.	HOPPER, Dr. W.C., Agricultural Counsellor, Embassy in United States.

HUCK, W.H., sous-ministre de la Production pour la défense.	HUCK, W.H., Assistant Deputy Minister of Defence Production.
HUSSEIN, roi de la Jordanie.	HUSSEIN, King of Jordan.
IRWIN, J.N., secrétaire adjoint à la défense des Affaires relatives à la sécurité internationale des États-Unis.	IRWIN, J.N., Assistant Secretary of Defense for International Security Affairs of United States.
ISBISTER, C.M., sous-ministre adjoint, ministère du Commerce.	ISBISTER, C.M.. Assistant Deputy Minister, Department of Trade and Commerce.
JAMALI, Fahdil al-, ministre des Affaires étrangères de l'Irak (-juill. 1958).	JAMALI, Fahdil al-, Foreign Minister of Iraq (-July 1958).
JARRING, Gunnar V., représentant permanent de la Suède auprès des Nations Unies (-1958) ; ambassadeur aux États-Unis.	JARRING, Gunnar V., Permanent Representative of Sweden to United Nations and Security Council (-1958); Ambassador in United States.
JAWAD, Hashim, représentant pemanent de l'Irak auprès des Nations Unies (juill. 1958-).	JAWAD, Hashim, Permanent Representative of Iraq to United Nations (July 1958-).
JOHNSON, sénateur Lyndon B., (D.-Texas), Chef de la Majorité, Sénat des États-Unis.	JOHNSON, Senator Lyndon B., (Democrat-Texas), Majority Leader, Senate of United States.
JUDD, Walter H., (R- Minnesota); représentant des États-Unis au deuxième Comité de la 12 ième Assemblée générale des Nations Unies.	JUDD, Walter H., (R- Minnesota); Representative of United States to Second Committee of United Nations 12th General Assembly.
KAGANOVICH, Lazer, chef du Parti communiste soviétique et stalinien.	KAGANOVICH, Lazer, Soviet Communist Party leader and Stalinist.
KALIJARVI, Thorsten V., sous-secrétaire adjoint aux Affaires économiques, département d'État des États-Unis.	KALIJARVI, Thorsten V., Deputy Assistant Secretary of State for Economic Affairs, Department of State of United States.
KANENBERG, Hollis M., Division des carburants, département d'État des États-Unis.	KANENBERG, Hollis M., Fuel Division, Department of State of United Sates.
KAUL, T.N., ambassadeur de l'Inde au Vietnam (fév. 1957-).	KAUL, T.N., Ambassador of India in Vietnam (Feb. 1957-).
KENNAN, George F., ancien ambassadeur des États-Unis en Union soviétique (1952-53).	KENNAN, George F., Former Ambassador of United States in Soviet Union (1952-53).
KHROUCHTCHEV, N.S., premier secrétaire du Comité central du Parti communiste de l'Union soviétique.	KHRUSHCHEV, N.S., Secretary of Central Committee of Communist Party of Soviet Union.
KISSINGER, Henry, directeur associé, Centre for International Studies, Université Harvard, Boston.	KISSINGER, Henry, Associate Director, Centre for International Studies, Harvard University, Boston.
KOCHER, Eric, directeur, Bureau des Affaires de l'Asie du Sud-Est, département d'État des États-Unis.	KOCHER, Eric, Director, Office of Southeast Asian Affairs, Department of State of United States.
KRISTJANSON, K., secrétaire, Comité consultatif des programmes d'utilisation des eaux, ministère des Affaires du Nord et des Ressources nationales.	KRISTJANSON, K., Secretary, Advisory Committee on Water Use Policy, Department of Northern Affairs and National Resources.
KUBITSCHEK DE OLIVEIRA, Dr. Juscelino, président du Brésil.	KUBITSCHEK DE OLIVEIRA, Dr. Juscelino, President of Brazil.

KUZNETSOV, V.V., premier vice-ministre des Affaires étrangères de l'Union soviétique et chef, délégation à l'Assemblée générale des Nations Unies.	KUZNETSOV, V.V., First Deputy Minister of Foreign Affairs of Soviet Union and Head, Delegation to United Nations General Assembly.
LALL, Arthur, représentant permanent de l'Inde auprès des Nations Unies.	LALL, Arthur, Permanent Representative of India to United Nations.
LÉGER, Jules, sous-secrétaire d'État aux Affaires extérieures (-oct. 1958); représentant permanent auprès du Conseil de l'Atlantique Nord et de l'OECE.	LÉGER, Jules, Under-Secretary of State for External Affairs (-Oct. 1958); Permanent Representative to North Atlantic Council and OEEC.
LEPAN, D.V., sous-secrétaire d'État adjoint aux Affaires extérieures.	LEPAN, D.V., Assistant Under-Secretary of State for External Affairs.
LINDT, Auguste Rudolph, haut-commissaire pour les Réfugiés.	LINDT, Auguste Rudolph, United Nations High Commissioner for Refugees.
LLOYD, John Selwyn, Foreign Secretary du Royaume-Uni.	LLOYD, John Selwyn, Foreign Secretary of United Kingdom.
LOBATCHEV, Alexandre I., conseiller commercial, ambassade de l'Union soviétique.	LOBATCHEV, Alexandre I., Commercial Counsellor, Embassy of Soviet Union.
LODGE, Henry Cabot Jr., représentant des États-Unis auprès des Nations Unies.	LODGE, Henry Cabot Jr., Permanent Representative of United States to United Nations.
LOPER, général H.B., président, Comité de liaison militaire pour la Atomic Energy Commission des États-Unis.	LOPER, General H.B., Chairman, Military Liaison Committee to Atomic Energy Commission of United States.
LOUTFI, Omar, représentant pemanent de l'Égypte auprès des Nations Unies.	LOUTFI, Omar, Permanent Representative of Egypt to United Nations.
LUTKINS, Larue R., sous-directeur aux Affaires chinoises, Bureau des Affaires de l'Extrême-Orient, département d'État des États-Unis.	LUTKINS, Larue R., Deputy Director, Office of Chinese Affairs, Bureau of Far Eastern Affairs, Department of State of United States.
MACDONNELL, R.M., ambassadeur en Égypte et ministre au Liban (-août 1958); sous-secrétaire d'État suppléant aux Affaires extérieures.	MACDONNELL, R.M., Ambassador to Egypt and Minister to Lebanon (-Aug. 1958); Deputy Under-Secretary of State for External Affairs.
MACKAY, R.A., représentant permanent auprès des Nations Unies (-jan. 1958); ambassadeur en Norvège et en Islande.	MACKAY, R.A., Permanent Representative to United Nations (-Jan. 1958); Ambassador in Norway and Iceland.
MACMILLAN, Harold, premier ministre du Royaume-Uni.	MACMILLAN, Harold, Prime Minister of United Kingdom.
MALIK, Dr. Charles, ministre des Affaires étrangères du Liban; président de la treizième session de l'Assemblée générale des Nations Unies.	MALIK, Dr. Charles, Minister of Foreign Affairs of Lebanon; President, United Nations 13th General Assembly.
MANN, Thomas, sous-secrétaire adjoint aux Affaires économiques, département d'État des États-Unis.	MANN, Thomas, Assistant Secretary of State for Economic Affairs, Department of State of United States.
MANNING, Ernest, premier ministre de l'Alberta.	MANNING, Ernest, Premier of Alberta.
MAO TSE TOUNG, président du Parti communiste de la République populaire de Chine.	MAO TSE-TUNG, Chairman, Communist Party of People's Republic of China.
MARTIN, W.R., secrétaire adjoint du Cabinet.	MARTIN, W.R., Assistant Secretary to Cabinet.

MATSUDAIRA, Koto, représentant permanent du Japon auprès des Nations Unies.	MATSUDAIRA, Koto, Permanent Representative of Japan to United Nations.
MATTHEWS, W.D., sous-secrétaire d'État adjoint des Affaires extérieures.	MATTHEWS, W.D., Assistant Under-Secretary of State for External Affairs.
McCARDLE, J.J.M., 1ère Direction de liaison avec la Défense et secrétaire, section canadienne, Commission permanente canado-américaine de Défense.	McCARDLE, J.J.M., Defence Liaison (1) Division and Secretary, Canadian Section, PJBD.
McCLINTOCK, Robert A., ambassadeur des États-Unis au Liban (déc. 1957-).	McCLINTOCK, Robert A., Ambassador of United States in Lebanon (Dec. 1957-).
McCORDICK, J.A., 1ère Direction de liaison avec la Défense.	McCORDICK, J.A., Defence Liaison (1) Division.
McELROY, Neil H., secrétaire à la Défense des États-Unis (oct. 1957-).	McELROY, Neil H., Secretary of Defense of United States (Oct. 1957-).
McGILL, A.S., premier secrétaire, haut-commissariat en Inde.	McGILL, A.S., First Secretary, High Commission in India.
McGUIRE, E. Perkins, secrétaire adjoint à la défense de l'Approvisionnement et de la Logistique des États-Unis.	McGUIRE, E. Perkins, Assistant Secretary of Defense for Supply and Logistics of United States.
McKAY, gouverneur Douglas, président, section américaine, Commission mixte internationale et Commission permanente canado-américaine de défense.	McKAY, Governor Douglas, Chairman, United States Section, International Joint Commission and Chairman, United States Section, PJBD.
McLAIN, Marvin, secrétaire adjoint à l'Agriculture des États-Unis.	McLAIN, Marvin, Assistant Secretary of Agriculture of United States.
McNAUGHTON, général A.G.L., président, section canadienne, Commission mixte internationale et Commission permanente canado-américaine de défense.	McNAUGHTON, General A.G.L., Chairman, Canadian Section, International Joint Commission and Chairman, Canadian Section, PJBD.
MEAGHER, Margaret, conseillère et chargé d'affaires, ambassade en Israël (-oct. 1958); ambassadrice en Israël.	MEAGHER, Margaret, Counsellor and Chargé d'Affaires, Embassy in Israel (-Oct . 1958); Ambassador in Israel.
MEIR, Golda, ministre des Affaires étrangères de l'Israël.	MEIR, Golda, Foreign Minister of Israel.
MENON, V.K. Krishna, ministre de la Défense de l'Inde et chef de la délégation à l'Assemblée générale des Nations Unies (1957); membre de la délégation (1958).	MENON, V.K. Krishna, Minister of Defence of India and Chairman, Delegation to United Nations General Assembly (1957); member of Delegation (1958).
MENZIES, A.R., chef, Direction de l'Extrême-Orient.	MENZIES, A.R., Head, Far Eastern Division.
MERCHANT, Livingston, ambassadeur des États-Unis (-nov. 1958); secrétaire d'État adjoint aux Affaires européennes, département d'État des États-Unis.	MERCHANT, Livingston, Ambassador of United States (-Nov. 1958); Assistant Secretary of State for European Affairs, Department of State of United States.
MEYER, Armin H., sous-directeur, Bureau des Affaires de la Prôche-Orient, Bureau des Affaires de la Prôche-Orient et de l'Asie sud, département d'État des États-Unis.	MEYER, Armin H., Deputy Director, Office of Near Eastern Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State of United States.
MICHALOWSKI, Jerzy, représentant de la Pologne auprès des Nations Unies.	MICHALOWSKI, Jerzy, Representative of Poland to United Nations.

MIKOYAN, A.I., membre, Présidium du Comité central du Parti communiste de l'Union soviétique.	MIKOYAN, A.I., Member, Praesidium of Central Committee of Communist Party of Soviet Union.
MILLER, F.R., sous-ministre de la Défense nationale.	MILLER, F.R., Deputy Minister of National Defence.
MINIFIE, James M., correspondant, *Toronto Telegram* et SRC, Washington.	MINIFIE, James M., correspondent, *Toronto Telegram* and CBC, Washington.
MOLINE, Edwin G., sous-directeur, Bureau des Affaires du Commonwealth britannique et d'Europe nord, département d'État des États-Unis.	MOLINE, Edwin G., Deputy Director, Office of British Commonwealth and Northern European Affairs, Department of State of United States.
MOLOTOV, V.M., ministre des Affaires étrangères de l'Union soviétique (-juin 1956); premier vice-président du Conseil des ministres (-fév. 1957).	MOLOTOV, V.M., Minister of Foreign Affairs of Soviet Union (-June 1956); First Deputy Chairman of Council of Ministers (-Feb. 1957).
MUNRO, sir Leslie, ambassadeur de la Nouvelle-Zélande aux États-Unis et représentant permanent auprès des Nations Unies; président de la douzième session de l'Assemblée générale des Nations Unies.	MUNRO, Sir Leslie, Ambassador of New Zealand in United States and Permanent Representative to United Nations and President, United Nations 12th General Assembly.
MURPHY, Robert, sous-secrétaire d'État suppléant, département d'État des États-Unis.	MURPHY, Robert, Deputy Under Secretary of State, Department of State of United States.
MURRAY, Geoffrey, conseilller, mission permanente auprès des Nations Unies.	MURRAY, Geoffrey, Advisor, Permanent Mission to United Nations.
NAM, Colonel Hoang-Thuy, le personnel du président de la République du Vietnam.	NAM, Colonel Hoang-Thuy, Presidential Staff of Republic of Vietnam.
NASSER, colonel Gamal Abdel, président de l'Égypte (-jan. 1958); président de la République arabe unie.	NASSER, Colonel Gamal Abdel, President of Egypt (-Jan. 1958); President of United Arab Republic.
NEGRAO DE LIMA, Francisco, ministre des Affaires étrangères du Brésil.	NEGRAO DE LIMA, Francisco, Minister of Foreign Affairs of Brazil.
NEHRU, Pandit Jawaharlal, premier ministre de l'Inde.	NEHRU, Pandit Jawaharlal, Prime Minister of India.
NERVO, Luis, voir Padillo Nervo, Luis.	NERVO, Luis, see Padillo Nervo, Luis.
NESBITT, Wallace, député, (CP - Oxford), adjoint parlementaire au premier ministre (août 1957-).	NESBITT, Wallace, M.P. (PC - Oxford), Parliamentary Assistant to the Prime Minister (Aug. 1957-).
NEUBERGER, sénateur Richard Lewis (D-Oregon).	NEUBERGER, Senator Richard Lewis (D-Oregon).
NICOLS, Clarence, sous-directeur, Bureau du Commerce international et des Ressources des États-Unis.	NICHOLS, Clarence, Deputy Director, Office of International Trade and Resources of United States.
NIELSEN, Sivert A., sous-secrétaire d'État, ministère de la Défense de la Norvège; représentant permanent de la Norvège auprès des Nations Unies.	NIELSEN, Sivert A. Under Secretary of State, Department of Defence of Norway; Permanent Representative to United Nations.
NKRUMAH, Kwame, premier ministre du Ghana.	NKRUMAH, Kwame, Prime Minister of Ghana.
NOBLE, commandant sir Allan, ministre d'État aux Affaires étrangères du Royaume-Uni.	NOBLE, Commander Sir Alan, Minister of State for Foreign Affairs of United Kingdom.

NORMAN, E. Herbert, ambassadeur en Égypte (août 1956-avr. 1957).	NORMAN, E. Herbert, Ambassador in Egypt (Aug. 1956-Apr. 1957).
NORSTAD, général Lauris, commandant suprême des Forces alliées en Europe (SACEUR), OTAN.	NORSTAD, General Lauris, Supreme Allied Commander in Europe (SACEUR), NATO.
NOWLAN, George, ministre du Revenu national.	NOWLAN, George, Minister of National Revenue.
NUGENT, Julian, agent responsible des Affaires canadiennes, Bureau des Affaires du Commonwealth britannique et d'Europe nord, département d'État des États-Unis.	NUGENT, Julian, Officer-in-charge of Canadian Affairs, Office of British Commonwealth and Northern European Affairs, Department of State of United States.
O'HURLEY, Raymond, ministre de la Production pour la défense.	O'HURLEY, Raymond, Minister of Defence Production.
OLIVIER, W.G.M., commissaire, CISC, Laos (nov. 1957-sept. 1958).	OLIVIER, W.G.M., Commissioner, ICSC, Laos (Nov. 1957 - Sept. 1958).
PADILLO NERVO, Luis, secrétaire d'État des Affaires étrangères de Mexique.	PADILLO NERVO, Luis, Secretary of State for Foreign Affairs of Mexico.
PARKER, James, agent responsible des Affaires canadiennes, Bureau des Affaires du Commonwealth britannique et d'Europe nord, département d'État des États-Unis.	PARKER, James, Canadian desk officer, Office of British Commonwealth and Northern European Affairs, Department of State of United States.
PARSONS, J. Graham, sous-secrétaire adjoint aux Affaires de l'Extrême-Orient, département d'État des États-Unis.	PARSONS, J. Graham, Deputy Assistant Secretary for Far Eastern Affairs, Department of State of United States.
PARTRIDGE, General Earle E., commandant en chef, NORAD.	PARTRIDGE, General Earle E., Commander-in-Chief, NORAD.
PATERSON, George R., directeur, Direction de l'Agriculture et des Pêcheries, ministère du Commerce.	PATERSON, George R., Director, Agriculture and Fisheries Branch, Department of Trade and Commerce.
PEARKES, George, ministre de la Défense nationale.	PEARKES, George, Minister of National Defence.
PEARSON, L.B., Chef de l'Opposition (jan. 1958-).	PEARSON, L.B., Leader of the Opposition (Jan. 1958-).
PLUMPTRE, A.F.W., sous-ministre adjoint du ministère des Finances.	PLUMPTRE, A.F.W., Assistant Deputy Minister, Department of Finance.
POLLOCK, Sidney, directeur, Contributions et programmes internationaux, département des Finances.	POLLOCK, Sidney, Director, International Programmes and Contributions, Department of Finance.
POPE, T.M., membre de ministère à la formation linguistique de l'Université de Hong Kong (sept. 1956-sept. 1958).	POPE, T.M., Member of Department on language training at University of Hong Kong (Sept. 1956-Sept. 1958).
POPOVIC, Koca, représentant de la Yougoslavie auprès des Nations Unies.	POPOVIC, Koca, Representative of Yugoslavia to United Nations.
PRASAD, P.S. Narayan, conseiller politique au commissaire indien, CISC, Vietnam.	PRASAD, P.S. Narayan, Political Adviser to Indian Commissioner, ICSC, Vietnam.
QASIM, Abdul-Karim, premier ministre de l'Irak (juill. 1958-).	QASIM, Abdul-Karim, Prime Minister of Iraq (July 1958-).
QUARLES, Donald A., secrétaire des Forces aériennes des États-Unis (-avr. 1957).	QUARLES, Donald A., Secretary of Air Force of United States (-Apr. 1957).
RAE, Saul, ministre, ambassade aux États-Unis.	RAE, Saul, Minister, Embassy in United States.

RAPACKI, Adam, ministre des Affaires étrangères de la Pologne.	RAPACKI, Adam, Foreign Minister of Poland.
RASMINSKY, Louis, sous-gouverneur de la Banque du Canada et directeur exécutif canadien, FMI.	RASMINSKY, Louis, Deputy Governor of Bank of Canada and Canadian Executive Director, IMF.
REINHARDT, G. Frederick, conseiller juridique, département d'État des États-Unis.	REINHARDT, G. Frederick, Legal Counsellor, Department of State of United States.
RESTON, James (Scotty), correspondant, *The New York Times*.	RESTON, James (Scotty), correspondent, *The New York Times*.
RETTIE, Edward, Direction du Moyen-Orient.	RETTIE, Edward, Middle East Division.
REWINKEL, Milton C., conseiller, ambassade des États-Unis.	REWINKEL, Milton C., Counsellor, Embassy of United States.
RHEE, Syngman, président de la République de Corée.	RHEE, Syngman, President of Republic of Korea.
RIFFAI, Samir, premier ministre de la Jordanie.	RIFFAI, Samir, Prime Minister of Jordan.
RITCHIE, A.E., ministre, ambassade aux États-Unis.	RITCHIE, A.E., Minister, Embassy in United States.
RITCHIE, Charles S. A., ambassadeur en République fédérale d'Allemagne (-jan. 1958); représentant permanent auprès des Nations Unies.	RITCHIE, Charles S. A., Ambassador in Federal Republic of Germany (-Jan. 1958); Permanent Representative to United Nations.
ROBERTS, sir Frank, représentant permanent du Royaume-Uni, Conseil de l'Atlantique Nord.	ROBERTS, Sir Frank, Permanent Representative of United Kingdom to North Atlantic Council.
ROBERTSON, Norman A., ambassadeur aux États-Unis (-oct. 1958); sous-secrétaire d'État aux Affaires extérieures.	ROBERTSON, Norman A., Ambassador in United States (-Oct. 1958); Under-Secretary of State for External Affairs.
ROBERTSON, R.G., sous-ministre des Affaires du Nord et des Ressources nationales.	ROBERTSON, R.G., Deputy Minister of Northern Affairs and National Resources.
ROBERTSON, Walter S., sous-secrétaire d'État adjoint aux Affaires de l'Extrême-Orient, département d'État des États-Unis.	ROBERTSON, Walter S., Assistant Secretary for Far Eastern Affairs, Department of State of United States.
ROBINSON, H. Basil, chef, Direction du Moyen-Orient (-août 1957); adjoint spécial au secrétaire d'État aux Affaires extérieures.	ROBINSON, H. Basil, Head, Middle East Division (-Aug. 1957); Special Assistant to Secretary of State for External Affairs.
ROCKWELL, Stuart, directeur, Bureau des Affaires du Moyen-Orient, département d'État des États-Unis.	ROCKWELL, Stuart, Director, Office of Mideastern Affairs, Department of State of United States.
ROGERS, R.L., Direction de l'Extrême-Orient.	ROGERS, R.L., Far Eastern Division.
RONNING, Chester A., haut-commissaire en Inde.	RONNING, Chester A., High Commissioner in India.
ROQUET, Claude, deuxième secrétaire, ambassade en Égypte (-août 1957); Direction du Moyen-Orient.	ROQUET, Claude, Second Secretary, Embassy in Egypt (-Aug. 1957); Middle East Division.
ROUNTREE, William M., sous-secrétaire d'État adjoint aux Affaires du Proche-Orient, de l'Asie sud et de l'Afrique, département d'État des États-Unis.	ROUNTREE, William M., Deputy Assistant Secretary of State for Near Eastern, South Asian and African Affairs, Department of State of United States.
SARPER, Selim, représentant permanent de la Turquie, Conseil de l'Atlantique Nord.	SARPER, Selim, Permanent Representative of Turkey to North Atlantic Council.

SAUD, roi de l'Arabie Saoudite.	SAUD, King of Saudi Arabia.
SCHAFFNER, Martha L., Bureau des Affaires du Commonwealth britannique et d'Europe nord, département d'État des États-Unis.	SCHAFFNER, Martha L., Office of British Commonwealth and Northern European Affairs, Department of State of United States.
SCHWARZMANN, Maurice, directeur adjoint, Direction générale des Relations commerciales internationales, ministère du Commerce.	SCHWARZMANN, Maurice, Assistant Director, International Trade Relations Branch, Department of Trade and Commerce.
SEATON, Frederick A., secrétaire à l'Interieur des États-Unis.	SEATON, Frederick A., Secretary of Interior of United States.
SHABANDAR, Mousa Al-, représentant de l'Irak auprès des Nations Unies.	SHABANDAR, Mousa Al-, Representative of Iraq to United Nations.
SHARP, M.W., sous-ministre du Commerce (-mai 1958).	SHARP, M.W., Deputy Minister of Trade and Commerce (-May 1958).
SHUKHARY, Ahmad, représentant de l'Arabie Saoudite auprès des Nations Unies.	SHUKHARY, Ahmad, Representative of Saudi Arabia to United Nations.
SIERADZKI, Mieczyslaw, Chargé d'Affaires de la Pologne.	SIERADZKI, Mieczyslaw, Chargé d'Affaires of Poland.
SIM, David, sous-ministre du Révenu national.	SIM, David, Deputy Minister of National Revenue.
SLEMON, maréchal de l'air C.R., chef d'état-major aérien (-sept. 1957); commandant en chef adjoint, commandement de la défense aérienne du Canada et des États-Unis.	SLEMON, Air Marshal C.R., Chief of Air Staff (-Sept. 1957); Deputy Commander-in-Chief, Canada-U.S. Air Defence Command.
SMITH, C.E.S., directeur de l'Immigration, ministère de la Citoyenneté et de l'Immigration.	SMITH, C.E.S., Director of Immigration, Department of Citizenship and Immigration.
SMITH, Sidney, secrétaire d'État aux Affaires extérieures (sept. 1957-).	SMITH, Sidney, Secretary of State for External Affairs (Sept. 1957-).
SOBOLEV, Arkadey A., représentant permanent de l'Union soviétique auprès des Nations Unies, délégué à l'Assemblée générale des Nations Unies et président, Commission pour le désarmement.	SOBOLEV, Arkadey A., Permanent Representative of Soviet Union to United Nations and Delegate to United Nations General Assembly and Chairman of Disarmament Commission.
SOLH, Sami, premier ministre du Liban (-sept. 1958).	SOLH, Sami, Prime Minister of Lebanon (-Sept. 1958).
SPAAK, Paul-Henri, secrétaire-général de l'OTAN.	SPAAK, Paul-Henri, Secretary-General of NATO.
SPARLING, major-général H.A., président, état-major interarmes du Canada aux États-Unis.	SPARLING, Maj.-Gen. H.A., Chairman, Canadian Joint Staff in United States.
SUMMERS, G.B., chef de la Direction des Nations Unies.	SUMMERS, G.B., Head, United Nations Division.
TAYLOR, K.W., sous-ministre des Finances.	TAYLOR, K.W., Deputy Minister of Finance.
TCHANG KAI-CHEK, général, président de la République de Chine.	SEE CHIANG KAI-SHEK
TCHOU EN-LAI, premier ministre et ministre des Affaires étrangères de la République populaire de Chine.	SEE CHOU EN-LAI
THOMPSON, Tyler, ministre, ambassade des États-Unis.	THOMPSON, Tyler, Minister, Embassy of United States.

TITO, maréchal Josip Broz, président de Yougoslavie.	TITO, Marshal Josip Broz, President of Yugoslavia.
TOMLINSON, Frank S., chef, département des Affaires d'Asie du Sud-Est, Foreign Office du Royaume-Uni.	TOMLINSON, Frank S., Head, South East Asia Department, Foreign Office of United Kingdom.
TOWERS, Graham, gouverneur de la Banque du Canada.	TOWERS, Graham, Governor, Bank of Canada.
TREMBLAY, Paul, chef, 1re Direction de liaison avec la Défense.	TREMBLAY, Paul, Head, Defence Liaison (1) Division.
TREVELYAN, sir Humphrey, sous-secrétaire des Affaires politiques spéciales, Secrétariat des Nations Unies.	TREVELYAN, Sir Humphrey, Under Secretary for Special Political Affairs, United Nations Secretariat.
TSIANG, Tingfu F., représentant de la Republique de Chine au Conseil de sécurité des Nations Unies.	TSIANG, Tingfu F., Representative of Republic of China on United Nations Security Council.
TURNER, Bruce R., contrôleur, Secrétariat des Nations Unies.	TURNER, Bruce R., Controller, United Nations Secretariat.
TWINING, général Nathan F., président du Comité des chefs d'état-major des États-Unis.	TWINING, General Nathan F., Chairman, Chiefs of Staff of United States.
VO NGUYEN GIAP, général, ministre de la Défense et vice-premier ministre de la République démocratique du Vietnam.	VO NGUYEN GIAP, General, Minister of Defence and Vice-Premier, Democratic Republic of Vietnam.
WAINMAN-WOOD, Thomas, secrétaire particulier associé, Bureau du premier ministre (-oct. 1957); premier secrétaire, ambassade en Pologne; chargé d'Affaires (août 1958-).	WAINMAN-WOOD, Thomas, Associate Private Secretary, Office of the Prime Minister (-Oct. 1957; First Secretary, Embassy in Poland; Chargé d'Affaires (Aug. 1958-).
WAN WAITHAYAKON, Prince K.N.B., ministre des Affaires étrangères de la Thailande.	WAN WAITHAYAKON, Prince K.N.B., Minister of Foreign Affairs of Thailand.
WANG, PING-NAN, ambassadeur de la République populaire de Chine en Pologne.	WANG PING-NAN, Ambassador of People's Republic of China in Poland.
WARREN, J.H., conseiller, délégation auprès de l'OECE.	WARREN, J.H., Counsellor, Delegation to OEEC.
WATKINS, J.B.C., sous-secrétaire d'État adjoint aux Affaires extérieures (-sept. 1958); ambassadeur au Danemark.	WATKINS, J.B.C., Assistant Under-Secretary of State for External Affairs (-Sept. 1958); Ambassador to Denmark.
WEEKS, Sinclair, secrétaire au Commerce des États-Unis.	WEEKS, Sinclair, Secretary of Commerce of United States.
WERSHOF, M.H., représentant permanent auprès du Bureau européen des Nations Unies.	WERSHOF, M.H., Permanent Representative to European Office of United Nations.
WILCOX, Francis, secrétaire adjoint des Affaires relatives aux organisations internationales, département d'État des États-Unis.	WILCOX, Francis, Assistant Secretary for International Organizations Affairs, Department of State of United States.
WILGRESS, L. D., représentant permanent auprès du Conseil de l'Atlantique Nord et de l'OECE (-oct. 1958).	WILGRESS, L. D., Permanent Representative to North Atlantic Council and OEEC (-Oct. 1958).
WILLISTON, Ray, ministre des Terres et des Forêts de la Colombie-Britannique.	WILLISTON, Ray, Minister of Lands and Forests of British Columbia.

WILLOUGHBY, Woodbury, directeur, Bureau du Commerce international, département d'État des États-Unis (-août 1958); directeur, Bureau des Affaires du Commonwealth britannique et d'Europe nord, Bureau des Affaires européennes.	WILLOUGHBY, Woodbury, Director, Office of International Trade, Department of State of United States (-Aug. 1958); Director, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs.
WILSON, Charles, secrétaire à la Défense des États-Unis (-oct. 1957).	WILSON, Charles, Secretary of Defense of United States (-Oct. 1957).
WILSON, D.B., Direction économique.	WILSON, D.B., Economic Division.
WORMSER, Olivier, directeur, Affaires économiques et financières, ministère des Affaires étrangères de la France.	WORMSER, Olivier, Director of Economic and Financial Affairs, Ministry of Foreign Affairs of France.
YEH, George, ambassadeur de la République de la Chine aux États-Unis.	YEH, George, Ambassador of Republic of China in United States.
ZEINEDDINE, Farid, représentant de la Syrie auprès des Nations Unies.	ZEINEDDINE, Farid, Representative of Syria to United Nations.
ZHUKOV, maréchal Giorgi K., candidat à Praesidium du Soviet suprême de l'Union soviétique et ministre de la Défense (-oct. 1957).	ZHUKOV, Marshal Giorgi K., Candidate member of Praesidium of Supreme Soviet of Soviet Union and Minister of Defence (-Oct. 1957).
ZORIN, Valerian A., sous-ministre des Affaires étrangères de l'Union soviétique.	ZORIN, Valerian A., Deputy Foreign Minister of the Soviet Union.
ZORLU, Fatin Rüstü, ministre des Affaires étrangères de la Turquie.	ZORLU, Fatin Rüstü, Minister of Foreign Affairs of Turkey.

ILLUSTRATIONS

Toutes les photographies provenant de la Direction de l'art documentaire et de la photographie des Archives nationales portent le numéro du négatif dans l'angle inférieur gauche.

Toutes les démarches possibles ont été effectuées en vue de communiquer avec les détenteurs des droits d'auteur.

All photos from the Documentary Art and Photography Division of the National Archives are marked with the negative number in the bottom left-hand corner.

Every attempt has been made to contact copyright holders.

PA 112265

D. Eisenhower and John Diefenbaker standing outside of the Prime Minister's residence at 24 Sussex Drive, 8 July 1958.

Dwight Eisenhower et John Diefenbaker à la résidence du premier ministre, au 24, rue Sussex, le 8 juillet 1958.

PA 112268

Eisenhower addresses Parliament, 9 July 1958.

Eisenhower prenant la parole devant le Parlement, le 9 juillet 1958.

PA 112268

John Foster Dulles, Dwight Eisenhower, John Diefenbaker, and Sidney Smith conver during official visit, Ottawa, July 1958.

John Foster Dulles, Dwight Eiwnhower, John Diefenbaker et Sidney Smith s'entretiennent pendant une visite officielle à Ottawa, en juillet 1958.

PA 214181

Minister of Defence, George Pearkes, Field Marshal Bernard Montgomery, and John Diefenbaker, Ottawa, May 1958.

Le ministre de la Défense nationale, George Pearkes, le maréchal Bernard Montgomery et John Diefenbaker, Ottawa, mai 1958.

E 2107524

An aerial view of the St. Lawrence Power Project showing the dam after flooding the power pool.

Vue aérienne du chantier hydroélectrique du Saint-Laurent, montrant le barrage après l'inondation du bassin.

DND PL-107093

The CF-105 Avro Arrow is unveiled at Malton, Ontario, October 1957.

Le CF-105 Avro Arrow est présenté officiellement à Malton (Ontario) en octobre 1957.

DND PL-113821

A Boeing "BOMARC" ground-to-air- missile is launched on a test flight in October 1958.

Lancement d'un missile sol-air BOMARC lors d'un vol d'essai en octobre 1958.

VANCOUVER
TORONTO
HALIFAX

DND ME-289

Three members of Canada's UNEF contingent prepape to leave Egypt in September 1957. The three Canadians are (l to r) Andy Dolha of Niagara Falls, Ontario, Norm Whillans of Vanvouver, B.C., and Fred Wade of Sydney, N.S.

Tois membres du contingent canadien de la FUNU se préparent à quitter l'Égypte en septembre 1957. Les trois Canadiens sont (de gauche à droite) Andy Dolha, de Niagara Falls (Ontario), Norm Whillans, de Vancouver (Colombie-Britannique) et Fred Wade, de Sydney (Nouvelle-Écosse).

UN 55931

Sidney Smith addresses the United Nations General Assembly concerning the status of the United Nations Emergency Force in November 1957.

Sidney Smith prend la parole devant l'Assemblée générale des Nations Unies au sujet du statut de la Force d'urgence des Nations Unies, en novembre 1957.

E 2107520

The Israeli Foreign Minister, Golda Meir, and John Deifenbaker, Ottawa, October 1958.

La ministre israélienne des Affaires étrangères, Golda Meir, et John Diefenbaker, Ottawa, Octobre 1958.

CHAPITRE PREMIER/CHAPTER I

RELATIONS AVEC LES ÉTAT-UNIS
RELATIONS WITH THE UNITED STATES

PREMIÈRE PARTIE/PART 1

VISITE DU SECRÉTAIRE D'ÉTAT À OTTAWA, LE 28 À 29 JUILLET 1957
VISIT OF SECRETARY OF STATE TO OTTAWA, JULY 28-29, 1957

1. DEA/50399-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum by Assistant Under-Secretary of State for External Affairs

SECRET. PERSONAL. [Ottawa], July 31, 1957

REPORT OF U.S. AMBASSADOR ON MR. DULLES' VISIT[1]

This morning the U.S. Ambassador called, and in the course of his call gave me his own account of the conversations between Mr. Dulles and the Canadian Ministers. Mr. Merchant was present at all times when discussions took place.

2. *Disarmament*: According to Mr. Merchant's report, a good deal of the time between Mr. Diefenbaker and Mr. Dulles was spent on the subject of disarmament. He said that Mr. Dulles had explained to Mr. Diefenbaker some of his worries about the disarmament discussions in London.[2] He was concerned lest an agreement might be reached which would unwittingly give the Russians considerable advantage. He mentioned his fears of which we are already aware, particularly the fear that the result might be a neutralized Europe, and his concern over the status of East Germany in any inspection scheme. Mr. Diefenbaker raised with Mr. Dulles the question whether or not he should issue a statement of the Canadian position on zones of inspection in order to bring it publicly in line with what the U.S. already said. Mr. Diefenbaker indicated that if he did so, he would prefer to omit the first proposal which was the proposal to open all of Canada along with the U.S. in return for inspection throughout all of the Soviet Union. Before leaving Ottawa, Mr. Dulles, who in the meantime was somewhat concerned about a foreshortened Canadian announcement of this kind, suggested to Mr. Diefenbaker that he might put off issuing a statement until the situation in London had clarified a little. Mr. Merchant was not quite certain, but he thought that Mr. Dulles had told Mr. Diefenbaker that he would send him a message from London giving him an impression of his discussions, and that on the basis of this report Mr. Diefenbaker would decide whether to make a statement. Mr. Merchant explained to me that a public statement of the kind Mr. Diefenbaker had suggested would make the Canadian position somewhat different from that of the U.S., but the U.S. could not abandon its proposal of inspection of all of the U.S. and all of the Soviet Union, as this was the original Eisenhower proposal.

---

[1] Les fonctionnaires canadiens n'ont rédigé aucun compte rendu officiel de la visite de Dulles.
No official record of Dulles' visit was prepared by Canadian officials.

[2] Voir/See Volume 24, Document 117.

3. *Exchange of Visits*: Mr. Dulles said that President Eisenhower would be very happy to have Mr. Diefenbaker pay a visit to him in Washington. He was not quite certain which dates would be convenient and would be glad to have Mr. Diefenbaker's suggestions. Mr. Diefenbaker said that he expected to be in Washington with the Queen for several days.[3] Mr. Dulles said that they would, of course, be happy to see Mr. Diefenbaker at that time, but what the President had in mind was a visit at which Mr. Diefenbaker would be the principal guest and there would be time for discussions. Mr. Diefenbaker said that it probably would have to be early in October, but I gather there was nothing very definite considered. The question also arose of a meeting of the Joint Committee,[4] and my impression from Mr. Merchant was that there was some agreement in principle for the possibility of such a meeting, but nothing specific was arranged.

4. *China*: Mr. Dulles raised the question of China. He gave Mr. Diefenbaker a copy of his recent speech in San Francisco[5] and hoped that Mr. Diefenbaker would be able to study it. He emphasized the strength of U.S. policy on this subject and the fact that they had no intention of changing it. Mr. Diefenbaker said that he had already read parts of this speech and he agreed with them. He said that his position had not changed since 1954 when he had said that he would oppose in the House a move for recognition of Peking. He did not necessarily rule out recognition permanently, but he thought it would be mistaken at this time because it would discourage anti-communist forces in Asia.

5. *Exchange of Security Information*:[6] Mr. Diefenbaker referred to the Canadian note on the exchange of security information, and expressed the hope that there would be an American reply in the near future. Mr. Dulles said that this would be forthcoming, and Mr. Merchant indicated to me his expectation that this would be received in the next week or so.

6. *Economic Matters*: Mr. Merchant expressed strongly the view that the exchanges on economic questions had been very valuable because they had been quite frank on both sides. He thought it was a very good opportunity for those present to get the others' points of view on some of the problems involved. From his conversation I would gather that most of this discussion took place after dinner, and that the lead on the Canadian side was taken by Mr. Fleming and Mr. Fulton. Mr. Diefenbaker, however, did speak of the Canadian feelings on such subjects as surplus disposals[7] during his talks alone with Mr. Dulles. Some of the points which Mr. Merchant noted in these discussions were as follows:

7. In reply to what he described as Mr. Fleming's very candid explanation of our attitude on disposal of surplus wheat, Mr. Dulles said that he thought the policy of liquidating surpluses under PL-480 would dwindle during the next year and probably by that time no longer be used. However, he wished Canadian Ministers to understand the purposes of this action. He said that they recognized the difficulties caused some of their friends. However, these policies had been pursued for general international purposes with which he was sure the Canadian Government would be in agreement. If, as he expected, the U.S. would cease disposing of agricultural goods in this way, Canada would find itself with still greater problems connected with such surpluses. The U.S. had been using this policy for the most part to help countries like India and Pakistan which were in desperate need and which

---

[3] Voir/See Document 2.

[4] Voir/See Document 138.

[5] Voir/See United States, Department of State, *Bulletin*, Volume XXXVII, No. 942, July 15, 1957, pp. 91-95.

[6] Voir 4^{e} partie, section B de ce chapitre./See Part 4, Section B of this chapter.

[7] Voir 5^{e} partie, section C de ce chapitre./See Part 5, Section C of this chapter.

would be in a very serious position if they did not receive such assistance. In a year's time, therefore, there might be a very serious situation in which Canada might be involved. Mr. Merchant said that he personally referred to the recent American suggestions that Canada might collaborate with the U.S. in a surplus disposal policy towards Poland. He hoped that the new government might have a look at this kind of possibility. In reply to Mr. Fleming's statement that Canadians particularly objected to the fact that these disposal agreements negotiated with the U.S. tied the market of the recipient countries to the American purchase in the future, Mr. Merchant said that he told Mr. Fleming that this was true in only a very few cases, that out of a hundred or more such agreements he knew of only about four in which there was such provision. Mr. Fleming said that he had not understood this to be the case.

8. On the subject of American investments in Canada, Mr. Merchant said that Mr. Dulles and he tried to explain that this was the result of the free enterprise system and not in any sense a result of deliberate official American policy to gain a slice of the Canadian economy. If Canada wished to get investments from other countries, it was, of course, entirely up to them to do so.

9. Mr. Fleming spoke strongly about the way in which the U.S. practised restrictive trade measures in response to pressure groups within the country. He referred particularly to the question of lead and zinc[8] and also what he described as a recent arbitrary exclusion of hardboard. Mr. Merchant said that he stated quite frankly that this was a matter in which not only the U.S. was guilty. He said that one might get the impression from Canadian statements and newspaper editorials that Canada practised nothing but complete free trade and avoided protection of any kind. Since his arrival here, however, he had been involved in protesting a great many arbitrary measures by the Canadian government. He referred particularly to restrictions on Florida grapefruit about which the Floridians felt very bitter. He mentioned the regulations on turkeys as the latest of this kind.[9] He said that he mentioned these cases simply in order to argue that these problems were mutual and that they could only be solved by both countries considering together the interests of each other.

J.W. H[OLMES]

---

[8] Voir 5e partie, section B, subdivision II de ce chapitre./See Part 5, Section B, Sub-Section II of this chapter.

[9] Voir 5e partie, section E de ce chapitre./See Part 5, Section E of this chapter.

2e PARTIE/PART 2

VISITE DU PREMIER MINISTRE À WASHINGTON, LE 16 OCTOBRE 1957
VISIT OF PRIME MINISTER TO WASHINGTON, OCTOBER 16, 1957

2. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 19, 1957

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Acting Minister of Defence Production (Mr. Green), (for morning meeting only)
The Minister of Veterans Affairs (Mr. Brooks), (for morning meeting only)
The Minister of Transport (Mr. Hees), (for morning meeting only)
The Solicitor General (Mr. Balcer), (for morning meeting only)
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice
and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr), (for morning meeting only)
The Postmaster General (Mr. William Hamilton), (for morning meeting only)
The Minister without Portfolio (Mr. Macdonnell),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Leader of the Government in the Senate (Senator Haig).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Founier), (Mr. Martin).

VISIT TO WASHINGTON; INTEGRATED CANADA-U.S. AIR DEFENCE COMMANDS; REPORT BY PRIME MINISTER

1. *The Prime Minister* said his stay in Washington had been an interesting and useful one. The Queen's visit appeared to be successful, but the arrangements in Ottawa were patently quite superior to those made for her U.S. trip, a fact which had not escaped the notice of the Royal Household.

He had discussed a number of important matters with the President and with the Secretary of State. Several of those to whom he had spoken referred in warm terms to the manner in which Canadian Ministers attending the Joint Canada-U.S. Committee on Trade and Economic Affairs had conducted their side of the discussions.[10] The Secretary of Commerce had apologized for the remark "we fixed 'em," which had been attributed to him in the press as he was emerging from one of the meetings.

The situation in the Middle East was very serious and was causing considerable concern in Washington as elsewhere. Syria had proposed inscription of a resolution on the U.N.

---

[10] Voir/See Document 138.

General Assembly agenda[11] alleging aggressive acts by Turkey, as well as by other Western nations, to bring about changes in Syria by force, and proposing the establishment of a fact finding committee. At first, the U.S. Secretary of State had been opposed to such an investigation, then he had changed his mind. The U.K. Foreign Secretary claimed that the terms of reference of the committee were not wide enough and that the concentration of Russian troops in Bulgaria and along the northern border of Turkey should come within the investigation's ambit. Eventually, the Syrian resolution had been inscribed. Questions had also arisen as to whether the committee should be established under the auspices of the General Assembly or the Security Council, and as to its membership. At the moment it would appear that India, Sweden, and Japan would be selected.

The West had underestimated the strength of Arab nationalism. The cement holding the Arabs together was the existence of Israel. The U.S. had hoped to gain some support for its Middle East policy from Saudi Arabia and Iraq but they were just as strongly against direct or indirect interventions in the Middle East, by any country associated with the free world, as were other Arab nations.

2. *Mr. Diefenbaker* said he had also spoken to the President about the decision to integrate the operational control of Canadian and continental U.S. air defence forces in peacetime,[12] and had informed him of the criticism in Canada of the government's agreement to this plan. Mr. Eisenhower had been sympathetic. He had said that, depending on consultation with his advisers, he would be prepared to let it be known that whoever was in command at Air Defence Command in Colorado Springs when the first evidence of war occurred should communicate with the President and the Prime Minister, or their duly constituted representatives, before ordering action. The Minister of National Defence should get in touch with the U.S. authorities as to the kind of announcement that would be made in this connection[13]. Not much more than this could be done, but it would confirm the authority of the civil power over the military.

On disposals of agricultural surpluses, the President said he was most anxious to remove causes of division between Canada and the U.S. Now, Mr. Eisenhower said the U.S. at least knew quite clearly what Canadians did not want and this would be a useful guide to him and his government in formulating their policies.

3. *Mr. Diefenbaker* said there was no limit to Mr. Eisenhower's congeniality and friendliness. Their talks had been helpful and he hoped that from these and earlier representations Canada's position was more clearly understood and that our interests would be better protected.

4. *The Cabinet* noted with approval the report of the Prime Minister on his discussions in Washington with the President and other U.S. officials, and agreed that the Minister of National Defence communicate with the U.S. authorities as to a joint announcement to be made respecting civilian control over the initiation of operations under the integrated Canadian and U.S. air defence commands.

. . .

---

[11] Voir chapitre II, 4^e partie./See Chapter II, Part 4.

[12] Voir la 4^e partie, section A de ce chapitre./See Part 4, Section A of this chapter.

[13] Voir/See Document 24.

3e PARTIE/PART 3

VISITE DU PRÉSIDENT ET DU SECRÉTAIRE D'ÉTAT À OTTAWA, LE 8 AU 10 JUILLET 1958
VISIT OF PRESIDENT AND SECRETARY OF STATE TO OTTAWA, JULY 8-10, 1958

3. J.G.D. XII/A/422 Vol. 13

Note du secrétaire du Cabinet
pour le premier ministre

Memorandum from Secretary to Cabinet
to Prime Minister

CONFIDENTIAL [Ottawa], July 2, 1958

EISENHOWER DISCUSSIONS

I am not sure what you have in mind discussing with President Eisenhower and Mr. Dulles when they are here next week, or whether you want any suggestions from me or others. I thought I might suggest a few subjects very briefly and if you want more we can follow it up for you. There will not now be much time to let Washington know in advance of items on which you would hope agreement could be reached or announced.

On the general international side, I assume you will wish to discuss such subjects as relations with Russia, Summit talks, atomic test suspensions, disarmament, Arctic inspection proposals, the position of Yugoslavia and Poland vis-à-vis Russia, attitudes toward China, Lebanon, Algeria, the general French situation, the role of the U.N., the economic offensive of Russia and general attitudes toward the Afro-Asian nations. The Department of External Affairs is the logical source of information and suggestions on these questions and I expect they are covering all that they know you to be interested in, but perhaps in the absence of Basil Robinson you would like me to pass on some points to them. (There will of course be more opportunities for discussions with Dulles than with the President.)

On the defence side, there are some questions that would merit discussion but frankly I doubt if we are ready yet with specific proposals. Mr. Smith would like, I know, to announce agreement on setting up a joint Cabinet Committee to consult on defence questions but I understand Mr. Pearkes thinks this should be done by putting Ministers on the Permanent Joint Board in place of the present members, which seems to have some real advantages, and Cabinet has not yet considered the proposal. Perhaps it could be advanced and agreed in quite general terms, leaving the exact form, and the relation to the Permanent Joint Board, to be worked out. (It might not be a bad idea to leave the impression with the public that you and Eisenhower were taking a personal interest in this and giving instructions it be done, not just rubber-stamping what the diplomats have already arranged.) I would think, too, that if Mr. Smith and Mr. O'Hurley agreed, you might suggest to the President that there should now be a serious effort on both sides to achieve a greater degree of effective integration on the production side of air defence, following logically upon NORAD, and in keeping with the spirit exemplified there. This would be consistent with the line the President took at NATO in December, I think, and Golden could readily furnish you with a note on the problems though we are not yet ready with specific proposals for their solution.

On the economic side we have anticipated some requests from you and I attended a meeting on Monday about this with officials of the main departments interested. Several notes are being prepared for you and other Ministers. You may wish to have a meeting with the Ministers and senior officials concerned, as we did before the discussions with Macmillan. You said then we should do it more often, and Mr. Fleming now suggests we might meet either Friday morning or evening to review where we stand on the Commonwealth Conference preparations and the relation of this to the talks with Eisenhower.[14]

Broadly speaking, we would suggest you raise with Eisenhower the possibility of his making some statement before September suggesting an increase in the resources of the International Bank and the Monetary Fund,[15] and if possible on several other issues of international economic affairs, having in mind the need for some positive leadership in the Western world in these economic matters to which the Russians are now devoting such efforts. This would make it possible for the Commonwealth Conference to take these up and endorse the American initiative, rather than be asking the United States to do things. In addition, there are several matters relating to our trade and other economic relations with the United States itself on which you will no doubt wish to say something — e.g. base metals, oil, wheat disposals. On wheat I think it would be good tactics to express now some appreciation of the efforts the United States has made to meet our interests on this, while urging them to continue and extend these efforts. The same might be done on lead and zinc. You may wish to speak in fairly general terms of your suggestion about a food bank to channel surplus foods to countries that cannot afford the food they need.

On the other hand, we must expect Eisenhower or Dulles, or both, to raise some questions on economic affairs that may be a bit troublesome to you. The most general would be, just how protectionist does this government intend to be, particularly in view of the budget proposal on cost of production values for duty (the U.S. realize the potential significance of this). They are also apt to question our action re embargos on farm products whose prices are being supported here, and on this perhaps you could and should offer to consider more consultation and permitting some imports by quotas, as they do.

The President or Mr. Dulles may propose (as their Ambassador suggests) that the Canada-U.S. Joint Economic Committee meet in August before the Commonwealth Conference and the Bank-Fund meetings in Delhi in October. We think this August meeting would be undesirable and that this Committee should meet toward the end of the year (after Mr. Fleming returns in November). The one good reason for an early meeting might relate to the International Bank and Fund questions, but these could properly and usefully be discussed between Mr. Fleming and the U.S. Secretary to the Treasury in Washington later in this month, or in August.

R.B. B[RYCE]

---

[14] Voir le prochain document./See next document.

[15] Voir volume 24, premier chapitre, 3e partie./See Volume 24, Chapter I, Part 3.

4. J.G.D. XII/A/19 Vol. 2

Procès-verbal d'une réunion

Minutes of Meeting

SECRET [Ottawa], July 4, 1958

Present:

The Prime Minister, (Mr. Diefenbaker), in the Chair,
The Minister of Finance, (Mr. Fleming),
The Minister of Trade and Commerce, (Mr. Churchill),
The Minister without Portfolio, (Mr. Macdonnell),
The Secretary of State for External Affairs, (Mr. Smith).
The Secretary to the Cabinet, (Mr. Bryce),
The Deputy Minister of Finance, (Mr. Taylor),
The Under-Secretary of State for External Affairs, (Mr. Léger),
The Assistant Deputy Minister of Trade and Commerce, (Mr. Isbister),
The Deputy Governor of the Bank of Canada, (Mr. Rasminsky),
The Assistant Deputy Minister of Finance, (Mr. Plumptre),
The Assistant Under-Secretary of State for External Affairs, (Mr. LePan),
Mr. S.S. Reisman, (Department of Finance),
Mr. S.C. Hudson, (Department of Trade and Commerce),
Mr. W.R. Martin, (Privy Council Office).

1. *The Minister of Finance* said that an agenda consisting of the following items had been prepared:

(1) Brief report on the London meeting of officials in preparation for the Commonwealth Trade and Economic Conference.[16]

(2) Consideration of further action to regain access to Commonwealth markets.

(3) Points to be taken up with President Eisenhower relating to trade and finance during the President's visit July 8-10.

(4) Commonwealth institutions.

2. *The Prime Minister* said it would be desirable first to consider the question of what might be raised when President Eisenhower was in Ottawa.

3. *The Assistant Deputy Minister of Finance (Mr. Plumptre)* said that the work at the meeting of Commonwealth officials was in a sense closely linked with future U.S. action. The London talks had been conducted on the basis of certain assumptions of what the U.S. might do. These assumptions were as follows:

(a) All the representatives in London assumed that the recession in the U.S. had reached bottom, or was nearly there, and that conditions would soon improve. Canadian officials were somewhat more optimistic than others.

(b) It was assumed that there was something of a new attitude on the part of the U.S. towards some international economic problems and that there would be a willingness in the U.S. to support an enlargement of the financial resources of the International Bank and the International Monetary Fund.

---

[16] Pour une narration des préparatifs de la Conférence commerciale et économique du Commonwealth tenue à Montréal en septembre 1958, voir volume 24, chapitre III, 3^{e} partie.

For an account of the preparations for the Commonwealth Trade and Economic Conference held in Montreal in September 1958, see Volume 24, Chapter III, Part 3.

(c) The U.S. Congress would likely look favourably on a renewal of the Reciprocal Trade Agreements Act. In fact, during the meeting, a not unsatisfactory version had been passed by the House of Representatives.

(d) The U.S. would be less rigidly opposed than it had been in the past, with regard to commodity arrangements. Mr. Nixon's experience in South America had probably brought home to the U.S. authorities that all was not well with U.S. policy in South America.[17]

(e) The U.S. would act favourably in the foreign aid field, with the main emphasis on economic, as against military, assistance. Indeed, the Senate had indicated the sense of Congress when it had endorsed, in a draft measure, the objectives of India's present five-year plan.

4. *The Assistant Under-Secretary of State for External Affairs (Mr. LePan)* recalled that when the Prime Minister of the United Kingdom was in Ottawa,[18] it had been generally agreed that whatever was done at the Montreal Conference should be folded in with what the U.S. might be able to do. Officials had been considering what the Prime Minister might suggest to Mr. Eisenhower and the implications of a situation in which the Commonwealth Conference might find itself, if no initiatives had been taken in the U.S. by that time. He believed that the U.S. was a long way on the road towards taking a decision in favour of increasing the resources of the Fund and the Bank, although, as the U.S. Ambassador had informed him, this decision would involve protracted processes. It was not, therefore, beyond the bounds of possibility that Mr. Eisenhower might be able to say in August that the Administration favoured increasing the resources of these two international institutions. An increase in liquidity would help to promote convertibility, but that was not to say that the two were necessarily linked. Unless such an initiative were forthcoming from the President it might be the reverse of helpful if the Commonwealth "needled" the U.S. at or following the Montreal meeting.

5. *The Prime Minister* said he would like to have something developed to present to the President, in a casual way, which would be helpful not only to ourselves and to the Commonwealth, but also to Mr. Eisenhower's own position, which now appeared to be a pretty unsatisfactory one. He would not wish to bring anything to the President as an intermediary of the U.K., but he would like to be able to suggest something useful and desirable on which the U.S. could take the lead.

6. *The Deputy Governor of the Bank of Canada (Mr. Rasminsky)* said that this kind of approach was a most desirable one and augured well for the future. The U.S. government had no doubt come to the conclusion that their position as a result of such things as Sputnik and the Nixon incidents in South America, needed re-thinking. Therefore, it was psychologically the right moment for the U.S. to take initiatives. The rest of the world needed something that could be regarded as a counter to Russian programmes. The free world had, so far, gone through the U.S. recession without being seriously harmed. At the same time, it was still apprehensive about the effect of U.S. difficulties continuing. Some felt that there was a lag in the effects of the U.S. recession, which would be bound to be felt soon. What was needed was a U.S. initiative that would inspire confidence and be of practical

---

[17] La tournée du vice-président Nixon en Amérique latine a été troublée par des manifestations et des émeutes antiaméricaines, plus particulièrement au Pérou et au Venezuela. Voir *Time* magazine, volume 71, no. 21, May 26, 1958.

The tour of Latin America by Vice-President Nixon was disrupted by anti-American demonstrations and rioting particularly in Peru and Venezuela. See *Time* magazine, volume 71, no. 21, May 26, 1958.

[18] Voir volume 24, chapitre III, 7ᵉ partie, section A, subdivision III./See Volume 24, Chapter III, Part 7, Section A, Sub-Section III.

significance — an indication that the U.S. would play its part fully in international economic affairs, having in mind the aspirations of others.

Officials had been giving some thought to the outline of the statement which the Prime Minister might make to the President. The results of these reflections were largely as follows.

The world was essentially interested in trade and development. On trade, the passage of a bill by a reasonable majority to renew the Reciprocal Trade Agreements Act for five years would put the President in the position of being able to say that he had a fresh mandate from Congress to enter into negotiations with others looking to the removal of obstacles to trade. For the U.S. this meant mainly a lowering of tariffs. Other countries needed to remove quotas and achieve convertibility. The expansion of trade depended on countries being able to finance such trade. Since late in 1957 there had been a real improvement in the liquid position of the world. Indeed, since February 1st the U.S. had lost $1.3 billion to $1.4 billion in gold. The other side of this was that the gold reserves, particularly of the U.K., had been increased. From September last to the present, U.K. reserves had moved upward from $1.8 billion to $3.1 billion. *Mr. Rasminsky's* own personal feeling was that the U.K. was in better financial shape now than it had been since before the war. However, countries whose livelihood depended mainly on the production of industrial raw materials were suffering from declines in commodity prices.

On the financial side, one of the ways in which the Conference could give real encouragement to trade would be to support an increase in the resources of the International Monetary Fund. The largest drawings on the Fund had been made by Commonwealth countries, with the largest credit made from the Fund extended to the U.K. The Fund's total usable reserves had been nearly $4 billion, of which only $1.2 billion remained uncommitted. If every country increased its quota by 50 per cent, this would represent a significant addition to the international liquid position of approximately $3 billion in total. Such action would promote confidence throughout the world and help to avoid restrictive steps.

On the investment side, the International Bank had been very successful. Each member country subscribed to capital stock, the U.S. having put up $3.2 billion, the U.K. $1.4 billion, and Canada $325 million. Each country's subscription consisted of 2% in gold, 18% in national currencies, available for lending only with the consent of the country concerned, and a remaining 80% in the form of unpaid capital which was available to enable the Bank to meet its obligations. Against its reserves, the Bank issued debentures, most of which had been bought by private investors. The private investors looked to the guarantees of the strong financial governments in the Fund to protect their investments. So far the Bank had made loans of $3.8 billion, the largest borrowers being Commonwealth countries. India had borrowed $400 million, Australia $300 million, for example. This year the Bank's loans were increasing quite rapidly and, in the absence of an increase in reserves, the Bank might soon reach the limit of its lending powers which would be a serious blow to investment throughout the world. Mr. Eugene Black, the President, was discussing the situation with his directors and with the Secretary of the U.S. Treasury, all of whom, it could be said, had a strong disposition to see that this situation did not occur. Mr. Black was contemplating a doubling by member countries of their 80% subscription of unpaid capital. This would enable the bank to borrow several billion dollars more from the private capital market. Mr. Black had approached the Minister of Finance last autumn asking if Canada might purchase some debentures, but it had been decided to defer a decision on this until after the Commonwealth Conference. Meanwhile, the Bank had sold

$250 million to Germany, thus bringing into play a large amount of cash for development purposes throughout the world.

7. *Mr. Rasminsky* said that there were indications that the U.S. Administration would look favourably on increasing the reserves of the Fund and the Bank. If the President was able to give a lead in this it would be very helpful indeed. The important thing, of course, was the level of economic activity in the U.S. If the President was also able to point to evidence that the bottom of the recession had been reached, and that there was reason for optimism now, the rest of the world would be greatly encouraged. On the question of commodity arrangements, the U.S. had in the past adopted a fairly doctrinaire approach. Recently, however, evidence had come to hand that U.S. authorities were changing their views in this regard. Their willingness to participate in a coffee study group was an example.

8. *The Prime Minister* said that it would be very helpful to have a memorandum along these lines on which he could formulate points and thoughts for discussion with Mr. Eisenhower.

9. *During the discussion* that ensued that following points emerged:

(a) The proposal to increase the resources of the Fund would involve an additional non-budgetary outlay for Canada. Some thought that Canada's expansion since our quota had been originally established was such that an increase was desirable, not only from the international standpoint but also in Canada's own interests. We might want ourselves to draw on the fund in the future in time of need.

(b) Material should be prepared on specific matters such as wheat, oil and base metals for discussion with Mr. Dulles as well. It might be feasible to say something to the U.S. on their withdrawal from wheat barter programmes.

(c) Canada should not accept the U.S. contention that the operation of their oil restriction programme was in our interests as well as theirs.[19]

(d) Action to increase the resources of the Fund and the Bank required legislation action in the U.S., as well as in Canada, in which case the President might be unable to make an announcement in August.

(e) U.S. disposal programmes were still hurting Canada to some extent so we should not be too grateful for what the U.S. had done in regard to its barter arrangements.

10. *The Meeting* noted the discussion on the points which might be raised with President Eisenhower during his visit to Ottawa and the preparations to be made for this purpose.

W.R. MARTIN
Secretary

---

[19] Voir 5e partie, section B, subdivision II de ce chapitre./See Part 5, Section B, Sub-Section II of this chapter.

5. J.G.D. XII/A/422 Vol. 13

Note du secrétaire du Cabinet
pour le premier ministre

Memorandum from Secretary to Cabinet
to Prime Minister

CONFIDENTIAL [Ottawa], July 8, 1958

TOPICS FOR FIRST DISCUSSION WITH MR. EISENHOWER

I have gone over the papers prepared for the meetings and discussed the subjects with Mr. Léger and Mr. LePan, who have been in touch both with Mr. Smith and Mr. Merchant. I would suggest the following:

1. *Arrangements of Discussions in General*

(a) The meeting Tuesday afternoon might cover, in general, the international situation, disarmament, the Soviet economic offensive and relations with Communist countries, defence questions in general.

(b) At the Cabinet Wednesday morning, the same general subjects might be discussed more briefly, with an opportunity for some discussion of them by other Ministers.

(c) Mr. Dulles and Mr. Smith on Wednesday afternoon would discuss trade and economic questions with the Ministers directly concerned (Mr. Fleming, Mr. Churchill and Mr. Harkness).

(d) Mr. Dulles and Mr. Smith on Thursday afternoon would discuss defence questions with Mr. Pearkes and Mr. O'Hurley, and later, boundary waters questions with Mr. Alvin Hamilton and Mr. Green.

(e) At another convenient time Mr. Dulles and Mr. Smith would discuss foreign policy questions with the Ambassadors and other officials.

(f) On Thursday morning the President and you would discuss such matters as you decide in the meantime to take up then.

2. It is understood the United States would like to take up the effects upon them of our immigration regulation requiring immigrants to come directly to Canada and not through the United States. This might be discussed in the first instance between Mr. Dulles and Mr. Smith at a time to be decided by them.

3. You have also mentioned wishing to discuss with the President the setting up of an *informal committee of Members of Parliament and of Congress*. This might well be discussed at the outset, after settling the general plan of the talks, so that if agreement in principle is reached to recommend this, the press would have this as definite news tonight.

4. *The International Situation*. You might call on the President to comment on this general subject. It is likely that he would do so for five or ten minutes and then call on Mr. Dulles. You may wish to focus attention on several points before Mr. Dulles starts in, as the latter may have so much to cover that he may take up a good deal of the time available. We assume you would wish to consider the general question of disarmament, prospects for Summit meetings, and in particular the prospects for inspection plans to guard against surprise attacks taking into account Khrushchev's last letter on this subject. There are several other subjects noted in Part F of the External Affairs brief that you may wish to raise.

5. *The Soviet Economic Offensive and Relations with Communist Countries*. The general review should lead into this. It will give you an opportunity to set the stage somewhat for

the ideas about an initiative which you wish to take up privately with the President. In addition you may wish to consider:

(a) The relaxation of strategic controls[20]
(The Americans may urge us to keep nickel and cobalt on the list. This will give you an opportunity to relate what is done on strategic controls on the metals in which we are interested to the U.S. policy being followed in regard to the encouragement of production elsewhere as noted in the papers in your brief.)

(b) Effect of U.S. foreign assets control on Canadian trade with China[21]
(You are familiar with this and have papers in the brief upon it. Perhaps it would suffice to make a general reference to it and suggest that it be discussed by Mr. Dulles with Mr. Churchill on Wednesday afternoon.)

(c) Trade with China in general

(d) Possibly — recognition of China

6. *Defence Matters in General.* I would suggest you indicate to the President that we are now confronted with a number of quite serious problems in defence, particularly in connection with air defence, and many of these involve cooperation with the United States in various degrees and in various ways. There are such important policy problems to be settled that we feel further arrangements for discussions between members of the Cabinet of both countries are desirable. In addition, our public is now aware of the very close working relations between our military services and it is desirable for us to emphasize the civil control over military operations and the contact being maintained with the United States on the civil side. With this in mind, you would like to suggest to him the establishment of a joint committee of members of the Cabinet of both countries along the lines with which you and Mr. Smith are familiar.[22] You might mention that a draft note on this point has already been shown to the American Ambassador here.

In addition, it would be well I think to indicate that some of the important problems that now confront us relate to the integration of our defence production programmes with those of the United States, particularly in regard to the production of the elaborate weapons systems now involved in air defence.[23] As a consequence you would hope that the U.S. officials concerned with defence production would be prepared to discuss seriously with us the more effective integration of our defence production programmes. I am giving you a copy of a brief memorandum which Golden has prepared for his Minister on this matter.[24] I would hope that it will be possible at some stage in the discussions with the President and Mr. Dulles to agree to say something to the press in fairly firm terms about this matter. On the other hand it would be premature to try to reach any specific arrangements with the

---

[20] Voir chapitre IV, 4^e partie./See Chapter IV, Part 4.

[21] Voir chapitre III, 3^e partie./See Chapter III, Part 3.

[22] Voir la 4^e partie, section A de ce chapitre pour un compte rendu des négociations relatives à la constitution du Comité ministériel conjoint Canada-États-Unis de la défense.

See Part 4, Section A of this chapter for an account of the negotiations to form the Canada-United States Joint Ministerial Committee on Defence.

[23] Voir 4^e partie, section A./See Part 4, Section A.

[24] Non retrouvé./Not located.

United States at this meeting on particular aspects of this highly complicated set of questions which the Canadian government itself has not yet had an opportunity to review.[25]

R.B. B[RYCE]

---

6. J.G.D. XII/A/19 Vol. 2

Procès-verbal d'une réunion entre le secrétaire d'État des États-Unis et des ministres canadiens

Minutes of Meeting between the Secretary of State of United States and Canadian Ministers

SECRET [Ottawa], July 9, 1958

Present:

Canada

The Honourable D.M. Fleming, (Minister of Finance),
The Honourable G.M. Churchill, (Minister of Trade and Commerce),
The Honourable D.S. Harkness, (Minister of Agriculture),
The Honourable S. Smith, (Secretary of State for External Affairs).
Mr. N.A. Robertson, (Canadian Ambassador to the United States),
Mr. R.B. Bryce, (Secretary to the Cabinet),
Mr. J.H. English, (Deputy Minister of Trade and Commerce),
Mr. A.F.W. Plumptre, (Assistant Deputy Minister of Finance),
Mr. D. LePan, (Assistant Under-Secretary of State for External Affairs),
Mr. L.W. Pearsall, (Department of Agriculture),
Mr. W.R. Martin, (Privy Council Office).

United States

The Honourable John Foster Dulles, (Secretary of State of the United States),
His Excellency Livingston Merchant, (U.S. Ambassador to Canada),
Mr. Tyler Thompson, (Minister, U.S. Embassy),
Mr. W.C. Armstrong, (Economic Counsellor, U.S. Embassy),
Mr. G. Green, (U.S. Department of State).

1. *The Secretary of State for External Affairs (Mr. Smith)* said that it had seemed desirable to both sides to have meetings of an informal nature, such as he proposed this one to be, rather than to have representatives of both countries discuss subjects formally at a conference table. He suggested that Mr. Dulles might wish initially to raise problems as seen from the United States view point. Specifically, he mentioned the recent amendments to the Canadian immigration regulations.

---

[25] Les fonctionnaires canadiens ne semblent pas avoir conservé de comptes rendus détaillés ou cohérents de toutes les réunions se rapportant à la visite du président Eisenhower et du secrétaire Dulles. Plus particulièrement, aucun compte rendu canadien de la réunion du 8 juillet tenue à la résidence du premier ministre Diefenbaker entre Eisenhower, Dulles, Livingston Merchant, Diefenbaker, Sidney Smith et Norman Robertson n'a pu être trouvé. Pour un compte rendu détaillé de cette réunion du point de vue des Américains, voir United States, Department of State, *Foreign Relations of United States, 1958-1960, Volume VII, Part 1*, Washington: Government Printing Office, 1993, pp. 692-697.

Canadian officials do not seem to have kept detailed or coherent minutes of all meetings relating to the visit of President Eisenhower and Secretary Dulles. In particular, no Canadian account of the July 8 meeting held at Prime Minister Diefenbaker's residence between Eisenhower, Dulles, Livingston Merchant, Diefenbaker, Sidney Smith, and Norman Robertson can be located. For a detailed account of this meeting from the American perspective, see United States, Department of State, *Foreign Relations of United States, 1958-1960, Volume VII, Part 1*, Washington: Government Printing Office, 1993, pp. 692-697.

2. *The Secretary of State of the United States (Mr. Dulles)* said he had not come prepared to talk about problems other than in the broad context of international relations. U.S.-Canadian problems were in a sense international, of course, but the U.S. government looked at them in a different light than those concerned, for example, with the U.S.S.R., Lebanon, or Indonesia.

3. First, *Mr. Dulles* wished to express appreciation for the repeal of the Canadian magazine tax. This had removed a point of irritation. Secondly, he said that, in regard to trade with the Sino-Soviet bloc, an intensive review had been made of the items on the COCOM-CHICOM lists, and while there were several still in dispute, he thought the difficulties would soon be resolved and the effect of the discussions would mean a considerable liberalization of the lists. Mr. Dillon, the newly appointed Under Secretary of State for Economic Affairs in the State Department, was responsible to him for this matter. The U.S. thought it important to retain controls on exports of nickel and cobalt. Copper was not so important.

4. Thirdly, *Mr. Dulles* suggested that the Canada-U.S. Continuing Committee of Ministers and Secretaries on trade and economic affairs might meet on August 4th.[26] He would not be present himself, but Mr. Dillon could attend in his place and the U.S. Secretaries who usually attended meetings of the Committee would be present. It would be desirable, from the U.S. standpoint, to have this meeting before the Commonwealth Trade and Economic Conference in Montreal.

5. *The Minister of Finance (Mr. Fleming)* said that August 4th would be inconvenient for Canadian Ministers. A later date would be more suitable. However, Canadian Ministers would take this matter up immediately amongst themselves and let the U.S. authorities have their views.

Commonwealth Trade and Economic Conference

6. *Mr. Fleming* informed the U.S. side of the preparations for the Commonwealth Trade and Economic Conference to be held in September. The Conference would not be like the 1932 Ottawa meeting. The world was different, the Commonwealth was different, and problems were now different. It was not the intention to create a new system of preferences, although existing preferences would be maintained. Canada would be pressing for the removal of discriminatory restrictions and he hoped to see an improvement in this direction. If the U.K. were able to make advances other sterling area countries in the Commonwealth would probably also be able to make some progress. U.S. interests here appeared to be parallel with Canadian interests. If restrictions were removed, they would be removed generally.

7. *Mr. Fleming* said that Commonwealth countries, particularly the newer self-governing nations, were all deeply interested in development. Canada was a large net importer of capital; nevertheless, we would have to think of what additional assistance we could provide. Here again, *Mr. Fleming* thought that U.S. interests ran parallel with Canadian interests. Another question which would probably arise was that of the creation of a new Commonwealth institution or institutions to provide forms of credit not now generally available. Maybe a new institution might be helpful for development and for technical assistance and training. Thinking on this subject had not crystallized as yet. However, the U.S. authorities could be assured that no step would be taken which would cut across the

---

[26] La Commission mixte du commerce et des affaires économiques ne s'est pas réunie jusqu'en janvier 1959.

The Joint Committee on Trade and Economic Affairs would not meet until January 1959.

really valuable work of the International Bank for Reconstruction and Development and the International Monetary Fund. He thought nothing would be entertained which would adversely affect or undermine the work of these two institutions, to which Canada fully adhered. Indeed, discussions might be held on the question of enlarging their usefulness and resources.

8. Another subject to be discussed, *Mr. Fleming* said, would be stabilization of markets and commodity prices. This was of particular importance to the newer Commonwealth countries, who depended so largely on the sale of primary products. Canada was very much interested in a renewed international wheat agreement. We hoped the United Kingdom would rejoin.

So far as trade agreements were concerned, it was hoped to have discussions on a bilateral or trilateral basis to extend trade, having in mind, of course, that no new preferences would be created.

9. *Mr. Fleming* said he hoped there was no thought in U.S. minds that the Conference would be directed against the U.S. Indeed, constructive results in most fields could not be achieved unless Commonwealth countries worked closely with Washington.

10. *The Minister of Trade and Commerce (Mr. Churchill)* agreed that the Conference was not aiming at restrictive policies. In fact, its success would measured by what expansion of trade might flow from the discussions.

11. *Mr. Dulles* said he did not think the U.S. would be sensitive about Commonwealth discussions on economic matters. The U.S. was mature enough to realize that if trade developed between two countries, it would not necessarily hurt a third. Trade was not a pie to be divided. It was a question rather of increasing the volume of trade generally. The U.S. would like to see the sterling area strong because when it encountered difficulties the U.S. usually had to come to its assistance. Trade which increased its reserves benefited everyone.

12. On the question of new financial institutions, *Mr. Dulles* did not want to exclude the possibility that new ones could be created. The U.S., for that matter, was trying to establish a development loan fund to make credit available which could not be provided by the World Bank or by the U.S. Export-Import Bank. Unless there was a general expansion of credit and loans, the challenge of Communist economic penetration would prevail. Unless the underdeveloped countries could be afforded some resources for development they would be forced to turn to the Communist world. However, *Mr. Dulles* was bound to say that the U.S. government thought a proliferation of financial institutions was not a good thing. It involved unnecessary expenditures, wasting of resources, a duplication of staffs and frequent jealousies. The U.S. believed it would be necessary to add to the resources of the International Bank for Reconstruction and Development and the International Monetary Fund and to do so in the next twelve months. The U.S. was studying the problem now with a view to submitting proposals to Congress at its next session. *Mr. Dulles* doubted if it would be possible for the U.S. to make any public utterances with regard to this important matter before the October meetings of the Bank and the Fund in New Delhi.

13. *Mr. Fleming* said that the timing of an announcement had a bearing on the September Commonwealth Conference. It would be helpful to the Conference if an announcement could emerge from Washington before September 15th. *Mr. Dulles* said quite frankly that the Administration did not want to give any indication of its views until Congress had dealt with its present programme. Congress would probably adjourn about August 15th.

Commodity Arrangements

14. *Mr. Dulles* said that the U.S. looked with less disfavour on arrangements for stabilizing prices and markets for primary products than it used to do. Today, for example, it was participating in a study group with Latin American countries on coffee. He doubted, however, if this would be very useful because African producers were not present. The U.S. was convinced that Soviet economic policy would prevail unless there was greater stability in primary products. Primary producing countries wanted to be assured that they could obtain from the sales of their commodities an adequate amount of manufactured goods to support and improve their standards of living. The Soviet barter policy lent itself to meeting the needs of primary producing countries, although the U.S.S.R. was perhaps not yet ready in a position to embark, all out, on extensive barter arrangements. The underdeveloped countries were probably willing now to withstand a certain amount of Soviet pressure and assume the domestic risks involved, but they could not do so if violent fluctuations in prices of their commodities continued. Economic dislocation in these areas would be seized on by forces hostile to the West. The U.S. was considering this whole problem seriously and studying how it could meet competition from the U.S.S.R. With regard to dumping of commodities which the Soviet Union had accepted in barter arrangements from other countries — Egyptian cotton, for example — *Mr. Dulles* did not think it could be said yet that this was deliberate policy on the part of the U.S.S.R. He went on to say, however, that the U.S. was examining what the Soviets could do if they decided consciously to adopt this kind of policy, and also, if they did, what policies the U.S. should adopt.

Although the U.S. was thinking through its policy on commodity arrangements, it could not view with sympathy artificial stabilization programmes which would have the effect of "milking" the U.S. consumer. U.S. authorities were trying to aim at policies which would produce a reasonable degree of stability. Unfortunately, this was complicated by ignorance in underdeveloped countries on the relation of their supplies to the world demand and outlets for them.

World Food Bank; NATO Food Bank

15. *Mr. Dulles* said that the U.S. Administrative did not think too highly of proposals for a World Food Bank or a NATO Food Bank.[27] It was true that they had considered plans for such things as full granaries, located around the world at strategic points, but those who had been studying these matters had concluded that the cost was prohibitive. He would not wish to have his remarks interpreted, however, as the final view of his government at the present time.

The U.S. was extremely "gun-shy" of anything that smacked of stabilizing farm prices at high levels in view of their costly domestic experience. At home, their programme for limiting acreage for grain had not achieved its purpose. On cotton, one of the main results had been that the South, which historically had been internationally-minded, had now become inward-looking and restrictionist.

16. *The Economic Counsellor, U.S. Embassy (Mr. Armstrong)* explained that, as regards NATO, the U.S. had offered food free if other NATO countries would provide transporta-

---

[27] Le premier ministre Diefenbaker a proposé la création d'une banque alimentaire mondiale à la réunion des chefs de gouvernement de l'OTAN en décembre 1957 (voir Volume 24, document 254). Voir le volume 24, document 301 concernant la proposition relative à une banque d'aliments de l'OTAN.

Prime Minister Diefenbaker proposed the creation of a world food bank at the NATO Heads of Government in December 1957 (see Volume 24, Document 254. See Volume 24, Document 301 for the NATO food stockpile proposal.

tion and storage, but the cost again had proved to be too heavy for prospective recipients to contemplate. For such countries as Pakistan and India, the problem had been storage space and ability to handle stocks in such a way as not to interfere with normal marketings.

Immigration and Travel Restrictions

17. *Mr. Dulles* lodged a complaint with respect to this matter.

18. *The Secretary to the Cabinet (Mr. Bryce)* said it was his understanding that the recent Canadian regulations, which insisted that immigrants, travelling by air, come direct to a Canadian port, had been applied in the interests of efficient administration. It was much easier to handle such immigrants by having them land in Canada, rather than dealing with them as part of the regular cross-border traffic exchanges.

19. *The U.S. Ambassador to Canada (Mr. Merchant)* said that U.S. airlines, in 1957 alone, had carried approximately 25,000 immigrants destined for Canada. The change was a major factor for U.S. airlines who were now exerting great pressure, and this was coming at a time when some trans-border air routes were about to be re-negotiated.

20. *Mr. Dulles* said that the U.S. had no similar restrictions.

U.S. Trade Policy

21. *Mr. Dulles*, in response to questions from Mr. Fleming, said that the prospects for the U.S. trade agreements legislation in the Senate were not nearly as good as they had been in the House, which, on the whole, had passed a very satisfactory bill. He expected something acceptable would finally emerge from Congress but he doubted if the Trade Agreements Act would be extended for five years and he assumed some other compromises would have to be made. He was not able to say, at the moment, what the U.S. Administration proposed to do under the new bill. He did know, however, that it wished to be in a position to negotiate with the European Common Market with a view to keeping the Common Market's tariffs at a reasonable level.

Base Metals

22. *Mr. Fleming* said that Canada was naturally pleased that no action had been taken by Congress or the Administration to increase tariffs on *zinc and lead*. He felt he should say, however, that the effects of a subsidy programme could be just as damaging as increased tariffs.

23. *Mr. Dulles* said that the whole of the trade agreements legislation would have been in peril if the Administration had done nothing. They were trying to keep amounts down so that the overall effect would do as little damage as possible to Canada and Mexico. He thought that the situation was better than it would have been if the Tariff Commission recommendations had been accepted or if Congress had negotiated a formula of its own. He thought this situation and the situation respecting copper would be improved by the end of the year. On *copper, Mr. Dulles* said the duty had been suspended until June 30th and no action had been taken to renew the suspension so the U.S. tax at 1.7 cents a pound had been automatically re-imposed.

24. *Mr. Fleming* noted that a bill to impose a 4 cents a pound duty on *aluminium* was now before Congress. He realized this was not an Administration bill but he hoped that Canadian interests would be borne in mind.

As regards *nickel*, the International Nickel Company had just announced a further large cut-back in production. What was worrying at the moment was the U.S. interest in Cuban sources of supply.

25. *Mr. Dulles* explained that it was U.S. policy to withdraw from the Nicaro operation in Cuba as soon as this could be done, having in mind the fact that it was desirable for the U.S. government to get what money it could out of the operation, and also the conditions in Cuba at the present time.

Petroleum

26. *Mr. Fleming* reviewed briefly the events which had led up to the voluntary restrictions programme in District Five of the U.S. and said that the understanding of 1950, on the need to develop a sound industry, on a continental basis, for defence purposes, was just as applicable today. As a result of the U.S. restrictions, pressure for a pipeline to serve the large Montreal market was growing. This would be very upsetting for the U.S., Venezuela and of concern to importers of Middle Eastern oil. The longer the restrictions were maintained, the greater the pressure would be.

27. *The Minister of Agriculture (Mr. Harkness)* said that the psychological effect in Western Canada was serious and had had the effect of slowing development. Resentment against the U.S., for this reason, was quite strong.

28. *Mr. Dulles* said he realized this was a fact but he submitted that it ought not to be a fact. The condition of the market, not the quota that had been imposed in District Five, was the reason why Canadian exports had been reduced. U.S. oil production was severely rationed. The programme of restrictions had been designed to provide foreign importers with as large a percentage of consumption in the U.S. as they had historically enjoyed. This was not an inequitable principle. It was impossible to expect U.S. producers to bear the full brunt of the deterioration throughout the world. The District Five restrictions had been designed to protect Canada, as much as the U.S., from a flood of foreign oil. The U.S. was working to preserve Canadian interests.

Exports to China

29. *Mr. Dulles* suggested that the following announcement be made:

"The Canadian and United States Governments have given consideration to situations where the export policies and laws of the two countries may not be in complete harmony. It has been agreed that in these cases there will be full consultation between the two Governments with a view to finding through licensing procedures satisfactory solutions to concrete problems as they arise."

30. *Mr. Dulles* said the U.S. would be prepared to grant a permit to parent companies in the U.S. which would enable subsidiaries in Canada to engage in a transaction when this had an appreciable effect on the Canadian company and the Canadian economy. He did not think U.S. laws should operate to the disadvantage of a Canadian company. On the other hand, he did not want to open the door wide in regard to subsidiaries of U.S. parent companies around the world, nor, he thought, would Canada wish this to be done.

31. *Mr. Churchill* said the proposal appeared to him to be a good one. He added that some Chinese offers to purchase in Canada were not firm offers.

Wheat

32. *Mr. Churchill* said that the withdrawal of the U.S. from barter deals for strategic materials had been helpful. He hoped such arrangements would not be renewed.

33. *Mr. Dulles* agreed. Legislation was before Congress now on this subject, but he thought something would emerge which would not contain the barter provisions to which Canada had objected.

Cattle

34. *Mr. Harkness* said there were stories from Washington concerning possible embargoes and increased duties on exports of Canadian cattle. He wondered if any assurance could be given that such steps would not be taken.

35. *Mr. Merchant* said he knew of no movement for tariff increases. He added that Canadian proposals for increased protection for other agricultural produce, such as fruits and vegetables, would have a bearing on the thinking of otherwise liberal minded agricultural opinion in the U.S.

Feed for Animals in Canadian Drought Area

36. *Mr. Harkness* asked if it would be feasible to cut hay on soil bank lands for use in Canada, to meet the very serious prospective drought situation.

37. *Mr. Armstrong* said it was his understanding that this was impossible under present U.S. law.

38. *The meeting* adjourned at 5:05 p.m.

W.R. MARTIN
Secretary

---

7. DEA/1415-E-40

Compte rendu d'une réunion
entre le secrétaire d'État des États-Unis
et le secrétaire d'État aux Affaires extérieures

Record of Meeting
between Secretary of State of United States
and Secretary of State for External Affairs

SECRET [Ottawa], July 10, 1958

I. DEFENCE AND DEFENCE PRODUCTION

There were also present Messrs. Pearkes and O'Hurley, Thompson, Green, Robertson and officials from the Departments of National Defence, Defence Production and External Affairs.

Mr. Dulles said he welcomed the opportunity to thrash out difficulties; it made him feel entirely at home to be wrestling with the hard core of problems.

Mr. Smith said that the first subject for discussion would be defence and defence production.

Mr. Pearkes explained that in order to avoid loss of time he had condensed into a brief paper the comments he wished to make. He then read a paper along the following lines:

> The most important consideration with respect to Canadian defence matters is geographical. Half the Canadian defence budget is now devoted to air defence and the proportion will probable increase. The reason is mainly because of our geographical position vis-à-vis the United States.
>
> At the time of the Korean incident Canada was asked by the United States to accelerate its production. Accordingly, a fairly large-scale defence industry was set up.
>
> This large-scale defence industry has also been used in order to aid our NATO partners.
>
> Many of the items produced by Canadian defence industries have U.S.-made components. Accordingly this contributes significantly to the adverse balance of payments

between Canada and the United States. As an example, the Argus aircraft has a 35% U.S. content. Nevertheless, the United States will not buy this aircraft from Canada. Indeed, no aircraft is produced in Canada for common use by the two countries.

The number of units of any piece of equipment required by Canada is of course limited. Therefore it is necessary either to produce in small quantities or to purchase our needs from the United States. In addition, there is the question of maintenance and spare parts.

The total of all Canadian forces is approximately 120,000. Therefore the requirements must inevitably be small in total quantity and the unit costs high. In consequence, Canada is rapidly approaching a critical situation.

During the recent visit to Ottawa of Generals Partridge and White, the nature of future defence problems was discussed. From what General Partridge said, it seems that there are two major problems. The first problem is to provide defence against ballistic missiles. The second problem is to round out our defence against the manned bomber.

These two problems involve in the Canadian view mutual commitments. Canada is at the present time making a modest contribution with respect to the development of the ballistic missile. There has been close and continuing co-operation with the United States scientists. However, we feel this should be a truly joint effort. There is fear that we may spend too much on defence against the manned bomber and in consequence be unable to provide the funds for development of ballistic missiles. If we do not keep up in the development of ballistic missiles we shall be left behind and not be able to catch up later.

In providing for the completion of our defence against the manned bomber there will be heavy expenditures for many years to come.

The NORAD Agreement has now been approved by the Canadian Parliament and is in operation.

There is lots of co-operation operationally. The need now is for co-operation in production.

A particular example is the development of the CF105. The United States air defence have indicated that they want us to go ahead with it. The CF105 will constitute the first line of defence for the Continent. It will be equipped with U.S. Naval Sparrow and with U.S. electronic equipment. In the development stage, as much as 20% of the electronic equipment will come from the U.S. and later on this will amount to between 10 and 15%. We have already spent $250 million on the development of the CF105. Within the next two or three years we shall have spent another $530 million dollars. Canada needs approximately 100 of these aircraft. Accordingly, each unit will cost about $5 million. If U.S. air squadrons based in Canada could use the CF105 the unit cost would be much reduced.

From the intelligence provided by our military experts, it is clear that we will have to introduce SAGE, which will mean an additional very heavy expenditure. As a matter of fact, there is at present what might be termed a gap in SAGE so far as the Canadian industrial area of southern Quebec and Ontario is concerned. In addition to SAGE, we should have more radar as well as Bomarc. The introduction of these elements would push the continental defence area north by 250 miles. The cost to Canada would be $350 million. In order to fit in with the U.S. development of defence, these requirements would have to be met by 1963. Consequently our defence budget would be up by 25 to 30%.

> In the past, Canada and the United States have entered into cost sharing arrangements for products built in Canada for the defence of both countries, e.g. Pinetree, Dew and Mid-Canada lines.
>
> We believe that a wider application of the principle of cost sharing is now necessary. There have already been approaches between service personnel on the official level, especially concerning the Bomarc and SAGE. However, we would like to go further and discuss the principle of cost sharing at a higher level as early as possible.
>
> We are reaching the stage where it is not possible to develop or produce complicated weapons purely for Canadian use. Furthermore, it is imperative that we should be able to maintain and repair all weapons that are used on Canadian soil. Finally, it is necessary to maintain our defence industrial facilities for availability in the event of an emergency.
>
> To sum up, the items with which we are concerned are the CF105, SAGE, radar, Bomarc and ballistic missiles.
>
> There would seem to be two problems of mutual concern: (1) cost sharing; (2) sharing of development and production costs.

Mr. Dulles said that he was not qualified to deal with the substance of the representation. However, he was very glad to receive it and would see that it received proper attention at a high level. He was grateful for the extraordinary, indeed unique, co-operation which exists in defence matters.

The problems which Mr. Pearkes had outlined were not dissimilar to problems with which the U.S. is concerned. The cost of modern weapons is almost fantastic. Last week the Secretary of Defence indicated the mounting costs by comparing a World War II plane at $100,000 with a modern plane at approximately $5 million.

The problem, he said, justifies your desire to study the matter jointly.

At the NATO meeting in December 1957 the U.S. put forward suggestions for the production in Europe of a number of defence items. It will of course take some time before this can be put into effect.

Mr. Dulles said he knew that the Secretary of Defence is anxious to talk with Mr. Pearkes and he hoped that a meeting would take place very shortly.[28]

The Secretary emphasized that the U.S. is impelled to place ever increasing importance on the limitation of armaments. Otherwise it will be a question of who goes bust first, the Soviet Union or ourselves.

The productive base of the industrialized free nations is about three times the base of the Soviet bloc. On the other hand, there are certain advantages in a highly organized and disciplined society where an austerity can be enforced which we cannot impose except in time of war. Our people will not accept it in time of cold war.

We believe, said Mr. Dulles, that if there could be arrived at a system of inspection of northern areas it would be a great step forward. The United States has been pressing for that for three years. The latest Soviet Note may be a step forward but it is important to observe that it avoids suggestion of inspection of the Arctic zone and refers to Europe and the Pacific Coasts of the U.S.A. and USSR instead. However, it may justify exploration to see whether any positive results are possible.

I believe, he added, our only hope is in providing safeguards against surprise attack. The Secretary doubted the possibility of arriving at any formula for reduction of armaments. He commented on the proposal for Arctic inspection which had been placed before the Security Council recently and had received support of all except the Soviet Union. At that time U.S. information was that Soviet satellite countries were urging acceptance of the proposal. Perhaps the latest Note offers some hope that the Soviet Union is now willing to try inspection.

---

[28] Voir/See Document 71, note 120.

In any event, Mr. Dulles saw some such system of safeguards as the only hope for relieving the mounting burden of defence costs.

Mr. Pearkes said that while the means of detection are being eventually evolved, we cannot stand still. The Secretary remarked that it will be two or three years before any significant aerial inspection could be counted on and even then it would be only partial.

Mr. Dulles said that any way of reducing unit costs should be fully explored. He will see to it that the presentation given to him by Mr. Pearkes gets at once to the Secretary of Defence who, he repeated, wishes to talk with Mr. Pearkes. If appropriate, the newly created ministerial committee on defence should be prepared to give consideration to the question.

Mr. Dulles added that it is necessary to consider the nature of the Soviet threat and from intelligence received determine the degree of threat from manned bombers as against the degree of threat from ballistic missiles.

Mr. O'Hurley endorsed what Mr. Pearkes had said and explained that the presentation had been prepared by the Departments of National Defence and Defence Production. He said that his desire was to find out what was the future for the installations in Canada on which we have spent a great deal of money. A heavy investment of capital is involved. He therefore would like to know the future of our production programme.

Mr. Dulles said that the briefing given to the National Security Council last week on the costs of military equipment was really alarming.

Mr. Smith said that he wished to make clear that Canada was not asking for mutual aid. We sought to make a joint effort with the United States in production.

Mr. Pearkes emphasized that unless we get in on the early stages of missile production we may not get in at all at a later stage.

Mr. Dulles pointed out that the present family of missiles would probably be obsolete in three or four years, so that it might not make much difference. Those to be installed in 1959 and 1960 are, in his view, only a stop-gap.

General Foulkes said that it was important to provide a defence against ballistic missiles and that many installations will have to be placed in Canada.

---

8. DEA/1415-E-40

Commentaires sur les problèmes relatifs au fleuve Columbia et à l'Alaska au cours de la réunion entre le secrétaire d'État des États-Unis et le secrétaire d'État aux Affaires extérieures

Comments on Columbia River and Alaska Problems During the Meeting Between Secretary of State of United States and Secretary of State for External Affairs

SECRET [Ottawa], July 10, 1958

(Also present at the meeting was Hon. Alvin Hamilton, Minister of Northern Affairs and National Resources)

II. COLUMBIA RIVER

At the meeting between the President and the Prime Minister this morning the President had urged that agreement with respect to the use of the waters of the Columbia River should be accelerated.

Mr. Dulles explained that within the United States Government this matter was almost entirely dealt with by the Department of the Interior. The United States Government is anxious that the discussion of the Columbia be brought to a head. A greater measure of certainty is desired as to how the subject is to be dealt with. He added that the President knew General McNaughton well but he found him a bit stubborn.

Mr. Hamilton said that the Canadian Government was awaiting several engineering reports, particularly two outstanding ones which have been commissioned by the Province of British Columbia and by his own Department.

The Canadian Cabinet Committee expects to receive a report from economists in about two weeks.

Mr. Hamilton pointed out that United States figures on the Columbia River have been available for some time and therefore the United States is, as Governor MacKay has said, ready to discuss matters at any time.

Mr. Hamilton said that an aide-mémoire had been received from the United States Government recently concerning the Libby Dam application. A reply had now been prepared and was ready to deliver.[29] In short, it would say that if the United States is serious in negotiating it must make realistic offers. The offer that has been made is not a starting place.

Mr. Hamilton said he felt he should say that General McNaughton had saved us on the Columbia. However, we look upon the International Joint Commission as being purely a judicial body, although we know that on the United States side a different view is taken. Accordingly, when General McNaughton makes statements, he makes them on his own and the Government may or may not agree with him. In any event, the General is held in very high regard by the Canadian Government.

Mr. Dulles said he had known General McNaughton for many years. In particular, he recalled meeting him in New York when he was the Canadian delegate in the Security Council and dealing with the control of atomic energy. He also recalled having discussed with him the importance of the St. Lawrence Seaway.

Mr. Hamilton explained that we do not separate Libby Dam from the whole Columbia River system.

Mr. Smith made clear that there is at present no definitive Canadian Government policy with respect to the Columbia River.

Mr. Hamilton agreed and said that he was responsible for gathering information on the subject and it was in fact not yet ready. He added that there were certain problems in each country, particularly the contest between supporters of private and public power. The Canadian problem in this regard is somewhat less sharp than the United States problem.

Mr. Cleveland added that the International Joint Commission is proceeding on a two-week tour of the Columbia River system beginning on July 20. The Commissioners will be accompanied by members of the International Columbia River Engineering Board by some economists and by Counsel for the two governments.

---

[29] Voir/See Document 216.

Mr. Hamilton said that it might be difficult to get rational discussion before November because of the United States elections. Therefore, it would probably be better to stay with considerations of economics for the time being. In fact, he added, the whole subject is fraught with strong political feeling. In any event, we cannot go faster than the engineers.

Mr. Hamilton then inquired whether the United States had any preference with respect to the technique of getting together to discuss Columbia River matters. From the Canadian point of view the International Joint Commission is primarily a judicial body and can therefore not deal with all matters of negotiation. The previous administration had accordingly arranged to have diplomatic talks with the United States. He wondered which channel the United States preferred and to what extent each one might be best used.

Mr. Thompson replied that there was no preference on the part of the United States, to his knowledge — certainly the channel of the diplomatic talks is still open.

III. ALASKA

Mr. Smith said that Canada had welcomed the advent of statehood for Alaska. He wondered whether it might raise certain questions.

Mr. Hamilton said he thought there might be certain opportunities arising from Alaskan statehood. Coastal shipping was a matter of great interest in the northwestern area. Transportation is a very big cost factor to them. Better communications between Alaska and the Pacific Northwest on land will undoubtedly become of considerable urgency in the near future.

Mr. Dulles said this had been discussed to some extent this morning. The President had referred to the Neuberger bill and said that it probably would not be acceptable to Canada to have an arrangement imposed by act of Congress. The President felt that the agreement should be freely negotiated. However, Mr. Dulles said there will be an increasing demand for improved transportation facilities for Alaska.

9.

DEA/1415-E-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le sous-secrétaire d'État adjoint aux Affaires extérieures
et pour la Direction de l'Extrême-Orient

Memorandum from Under-Secretary of State for External Affairs
to Assistant Under-Secretary of State for External Affairs
and Far Eastern Division

TOP SECRET

[Ottawa, July 14, 1958]

MEETING IN PRIME MINISTER'S OFFICE
BETWEEN MESSRS EISENHOWER, DIEFENBAKER, DULLES AND SMITH.
MESSRS. LIVINGSTON MERCHANT, N.A. ROBERTSON AND JULES LÉGER
WERE ALSO PRESENT.

The Prime Minister and the President first cleared the text of the announcement to be given to the press on the establishment of a Cabinet Committee to be known as the Canada-U.S. Committee on Joint Defence.[30]

---

[30] Voir Canada, ministère des Affaires extérieures, *Affaires Extérieures*, vol. 10, N° 8, août 1958, p. 173.
See Canada, Department of External Affairs, *External Affairs*, Vol. 10, No. 8, August 1958, p. 173.

Most of the meeting was spent on the problem of China. Reference was also made to the Columbia River.

China

Mr. Sidney Smith joined the discussion by suggesting that public opinion in Canada was getting more and more interested in some form of normalization of our relations with Communist China, particularly in the field of trade. He also referred to the difficulties in the United Nations of holding the present line and thought that the majority on any "moratorium resolution" would become smaller and smaller.

The President replied categorically that he did not think "they could hold the United Nations together" if Communist China were admitted. Public opinion in the United States was dead set against this. While there was no such word as "never" in diplomatic language, he could not see the day when recognition would become possible. He even felt more strongly about the admission of Communist China to the United Nations than about recognition. Recognition, if extended by the Administration, would lead the Senate and the House to call for an immediate withdrawal from the United Nations and the departure of the United Nations from American soil. Later on in the discussion, the President added that the China policy was "an obsession" and that they would have more difficulty in supporting Canada in this field than in any other field.

Among the reasons advanced in defence of such a policy over Communist China, the President referred to aggression in Korea, the detention of United States prisoners, and aggression in Vietnam. Drawing on his own experience in the Far East,[31] the President also referred to the importance of retaining the loyalty of overseas Chinese. If they had no alternative but to look to Communist China as their "homeland," they would all become Communists.

Throughout the discussions the President made it clear that they considered the admission of Communist China to the United Nations as a much more serious problem than recognition.

Mr. Dulles could only interpret the recognition of Communist China as a very serious setback for the free world. He said that the United States was carrying ninety percent of the responsibility of the defence of the free world in the Pacific. If recognition were extended, most if not all pro-Western countries in the Far East would in due course pass within the Communist orbit and American forces would have to withdraw to Hawaii. Under such conditions the defence of the Pacific would become next to impossible. They therefore needed the cooperation of their friends. He thought that recognition should only be extended when it was in the national interest so to do. At the present time the national interest was to make sure that Communism was to remain as far as possible from American, and for that matter Canadian, shores.

Mr. Dulles also referred to his conversation with General de Gaulle on this subject and pointed out that for their own reasons the French had decided, after an extensive review of the matter, not to extend recognition at this time. They had come to this conclusion for their own reasons, the main one being that they could not afford to let the three Indo-Chinese states pass into Communist hands in view of the many interests they are retaining there.

The problem of trade with China was raised by the Prime Minister, with specific reference to the question of Canadian subsidiaries of American companies being prevented from accepting orders placed with them for sale in China. Mr. Diefenbaker pointed out that the Opposition was showing considerable interest in the recognition of China and that if a substantive motion were made in the House, this could lead to serious complications. There was a strong feeling that the present situation could not go on much longer. This was complicated by the fact that some solution had to be found to Canadian surpluses and the pressure would therefore continue so long as those surpluses existed.

---

[31] Note marginale :/Marginal note:
What experience? [auteur inconnu/author unknown]

President Eisenhower first pointed out that he thought personally that there were too many bars in the way of world trade and that restrictions might have spurred the Communists to even greater economic progress than would otherwise have been the case. In his view, however, recognition would not open up avenues for more extensive trade. He did not think they could buy much and on the whole believed that the hopes of those who expected to expand trade with Communist China were not well placed. Mr. Dulles added that the U.S. was not asking its friends not to trade with Communist China. Their policy was designed to give encouragement to similar policies of non-Communist countries so as to prevent Communist infiltration through trade in weaker economies, particularly in such countries as the Philippines. They knew that such penetration would not take place were trade with China expanded in countries such as the United States or Canada, but the situation was quite different in countries with weaker economies.

In answer to a question from Mr. Smith about the possibility of attempting to lure Peking away from Moscow by adopting more flexible policies, Mr. Dulles replied that this question was related to the very nature of Communism and that on the whole they could not yet come to the conclusion that there was such a thing as "national Communism." So long as the Soviet Union and Communist China were in the hands of strong Communist parties, it was impossible to think that anything could be done in attempting to separate Moscow from Peking.

Columbia River

The President raised the question of the Columbia River. He thought that time had come for the Prime Minister and himself to put some pressure on the different agencies now considering the problem so as to make sure that something was being done. He was under the impression now that the experts, and particularly General McNaughton, were finding obstacles and not solutions. Mr. Eisenhower added that he himself had no solution but thought that the two Secretaries of State should consult on this matter so that some progress could be made. He added that the United States would make as many concessions in this field as Canada would.

The Prime Minister, in referring to the comments about General McNaughton, said that the General had not been authorized to make any statements on behalf of the Canadian Government on this issue and that he would have a word with him shortly. Mr. Smith referred to the Engineering Report of the International Joint Commission and thought that it would be ready in the not too distant future.

J. L[ÉGER]

4^E PARTIE/PART 4

QUESTIONS DE DÉFENSE ET SÉCURITÉ
DEFENCE AND SECURITY ISSUES

SECTION A

DÉFENSE AÉRIENNE CONTINENTALE
CONTINENTAL AIR DEFENCE

10. J.G.D. XII/F/335 Vol. 117

Note du ministre de la Défense nationale
pour le Cabinet

Memorandum from Minister of National Defence
to Cabinet

SECRET [Ottawa], July 22, 1957

INTEGRATION OF OPERATIONAL CONTROL OF CANADIAN AND CONTINENTAL UNITED STATES AIR DEFENCE FORCES IN PEACETIME

1. In the approved Canada-United States Emergency Defence Plan the following planning directive is set out: "Air defence plans should be based upon the concept that the air defence of Canada and the United States is a single problem and that plans for the use of air defence resources of Canada and the United States must be developed on a combined basis so as to provide the most effective defence possible for agreed vital targets." A further step in the implementation of these accepted principles is the need for closer integration of Canadian and United States air defence. A study on the control of North American air defence forces was undertaken last autumn by a Joint Canadian-United States Study Group at the direction of the Canadian Chiefs of Staff Committee and the United States Joint Chiefs of Staff. (The conclusions and recommendations of the Military Study Group were submitted in December 1956, and are attached as Appendices "B" and "C").[32] This study has concluded that the operational control of Canadian and United States air defence forces should be further integrated under a joint Canada-United States headquarters responsible to the Chiefs of Staff of both countries.

2. This principle of operational control in collective security arrangements is well established in the North Atlantic Treaty Organization where, for example, the Supreme Allied Commander Europe has operational control over all assigned national forces.

3. The establishment of an integrated operational control system for the air defence of Canada, the Continental United States and Alaska would be based on the following:

(a) The Joint Canadian-United States Headquarters would be responsible for the following:

(i) *In Peacetime*. The development of plans and procedures to be used in war. These plans and procedures to be agreed to in peacetime and be ready for immediate use in an emergency. They will be reviewed, amended or approved by the Chiefs of Staff of both countries and Government approval will be sought before any plans are implemented. It will be responsible for the general pattern of training and the general supervision of practice exercises in order to ensure the readiness of the forces and facilities in time of emergency.

---

[32] Voir/See Volume 23, Document 41.

(ii) *In War*. In time of war it will be responsible for the direction of air operations in accordance with the plans which have been agreed to in peacetime.

(b) The Commanders of the national air defence forces of both countries will continue to be responsible, in both peace and war, for logistics, administration, discipline, internal organization and unit training under their respective national Chiefs of Staff.

4. It is considered that there are several advantages to Canada in accepting this form of integration, as this procedure:

(a) Leaves with the Canadian Air Defence Commander complete command and administration over Canadian troops and equipment.

(b) Affords the Canadian authorities early and continuing opportunities to influence and participate in the formulation of joint air defence policy.

(c) Provides early opportunity for joint examination of intelligence and circumstances which may lead the United States authorities to call an alert.

(d) Will provide a further channel for closer cooperation with the United States Air Force in the field of development and production of common techniques and equipment, and thus avoid unnecessary duplication.

(e) Will provide an adequate basis for reaching a high standard of readiness and the least possible delay in passing from a peacetime to wartime footing.

(f) Will bring the Air Defence Command in North America in line with the other Commands in NATO.

5. The United States Joint Chiefs of Staff and the United States Secretary of Defense have approved these proposals.

6. The terms of reference for the unified command will include the points set out in Appendix "A".[33]

7. The Chiefs of Staff recommend, and I concur, that approval in principle be given for the establishment of an integrated operational control system for the air defence of Canada, the Continental United States and Alaska, under a joint Canadian-United States headquarters, based on the provisions set out above.

[GEORGE PEARKES]

---

11. J.G.D. XII/F/335 Vol. 117

Note pour le ministre de la Défense nationale

Memorandum to Minister of National Defence

SECRET [Ottawa], July 23, 1957

INTEGRATION OF OPERATIONAL CONTROL OF CANADIAN AND CONTINENTAL U.S. AIR DEFENCE FORCES IN PEACETIME

1. This submission deals with the further measures recommended for the improvement of the joint air defence arrangements for Canada and the United States.

---

[33] Voir volume 23, la pièce jointe 2 du document 46./See Volume 23, Document 46, Enclosure 2.

2. Until substantial measures are taken to implement a comprehensive disarmament plan we must continue to provide a reasonable air defence for this country, and it is obvious that these arrangements must be made in collaboration with the United States. In spite of the disarmament talks now in progress[34] the Soviet Union continues to modernize and build up its fleet of long range bombers, which is estimated to be between 1400 and 1500, all capable of delivering thermonuclear weapons to North American targets. In addition we may expect unmanned bombers and ballistic missiles of medium and long range in the next ten years. To meet this threat, both Canada and the United States have worked out over the past ten years an air defence system covering the North American continent. This system provides a comprehensive early warning and an interceptor network covering the continent. The early warning system on the continent is just being completed and will be in operation this summer. This system consists of the DEW line, built and operated by the United States. The Mid Canada line is wholly operated by Canada and the Pinetree radar system is jointly operated and financed, with Canada financing 12 stations but manning 17, while the United States has financed 25 but only mans 20. The fighter elements of this early warning and interceptor system are the regular fighter squadrons of both countries; Canada providing 9 and the United States 70, with a further number being available for reinforcements from other U.S. sources. At a later stage ground to air guided missiles will be introduced into the joint air defence system.

3. The agreed concept of air defence for North American requires that hostile forces be engaged as early as possible and be kept under constant engagement in order to achieve maximum destruction before they penetrate to vital areas. This requires defence in depth, with overlapping radars and control systems, with weapons deployed and controlled in such a manner as to permit the earliest possible engagement at the maximum rate, regardless of the avenues of enemy approach. It therefore follows that weapons and aircraft based in the United States should be allowed to operate over Canada, and in other circumstances, aircraft based on Canadian bases should be allowed to operate over U.S. territory. It is quite obvious that international boundaries cannot be respected when fighting an air battle.

4. Under our present arrangements, United States air defence forces stationed on the leased bases in Newfoundland come under the operational control of the RCAF, and arrangements have been made to provide for cross-border intercepts and specific rules of engagement to deal with such circumstances. The high speed of the enemy threat, the long range of weapons, and the introduction of automaticity in air defence control systems, require rapid decisions which cannot always be accomplished under our present arrangements for co-ordinating control which requires consultation of national commanders. The present arrangements do not, therefore, provide the authoritative control of all the weapons which can be profitably employed against hostile targets. It is clear that the whole air defence system must be planned and operated as one single integrated system. While our present arrangements under the Canada-U.S. Emergency Defence Plan in some measures prescribe the operational procedures to be used jointly in an emergency, all that we are able to do is to provide a common basis for separate Canadian and United States plans which are difficult to co-ordinate after their original conception. Indeed these are sometimes changed by one country without reference to the other, although one nation's plans are dependent upon those of the other. For these reasons there has been a growing recognition in both countries for the need for a more complete integration of planning and operational functions of air defence. One of the lessons which came out of the last war was that in conducting joint operations in war the commanders concerned must have complete con-

---

[34] Voir volume 24, les documents 117 à 123./See Volume 24, Documents 117-123.

fidence in each other. This requires them to work together in peacetime to establish the confidence needed to make the right decisions in war and to be able to practice in peacetime with the same set-up they are going to use if hostilities commence, so that they are able to make their mistakes in peace and the right decisions in war.

5. It is recommended that approval in principle be given for the establishment of an integrated operational control system for the air defence of Canada, the Continental United States and Alaska, under a joint Canadian-United States headquarters, based on the provisions set out above. Further, I recommend that a very senior RCAF officer be appointed as Deputy Commander of this joint Canada and United States Air Defence Headquarters.

---

12. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 31, 1957

Present:

The Prime Minister
  and Secretary of State for External Affairs (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs
  and Acting Minister of National Health and Welfare (Mr. Brooks),
The Solicitor General
  and Acting Minister of Mines and Technical Surveys (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice
  and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Northern Affairs and National Resources
  and Acting Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Pelletier),
Privy Council Office (Mr. P.M. Dwyer).

. . .

APPOINTMENTS; CANADA-U.S. AIR DEFENCE COMMAND; CHIEF OF AIR STAFF; NATIONAL FILM BOARD; CANADIAN PENSION COMMISSION

29. *The Minister of National Defence* submitted recommendations for appointments to the Canada-U.S. Air Defence Command and the Chiefs of Staff.

30. *The Acting Minister of Citizenship and Immigration* submitted a recommendation for an appointment to the National Film Board.

31. *The Minister of Veterans Affairs* submitted a recommendation for an appointment to the Canadian Pension Commission.

32. *The Prime Minister* explained that an integrated Canadian-U.S. Air Defence Command was to be created with its operational centre at Colorado Springs. The appointment of a Canadian as Deputy Commander-in-Chief would give Canada a proper measure of responsibility in any decisions that might have to be taken to defend North America against an attack. In a recent conversation with the U.S. Secretary of State,[35] he had emphasized the importance which Canada attached to a voice in any decisions resulting from information obtained from the Distant Early Warning line.

33. *The Cabinet*:

(a) approved the recommendation of the Minister of National Defence:

(i) that Air Marshal C.R. Slemon be appointed Deputy-Commander-in-Chief of the Canada-United States Air Defence Command, and as such draw consolidated rates of pay and allowances equivalent to the Chief of the Air Staff, plus the allowances of a Foreign Service Officer Grade 7; and

(ii) that Air Vice Marshal H.L. Campbell be appointed Chief of the Air Staff, with the rank of Air Marshal, effective September 1, 1957;

(b) approved the recommendation of the Acting Minister of Citizenship and Immigration that Jules Léger, the Under-Secretary of State for External Affairs, be appointed a member of the National Film Board; and

(c) approved the recommendation of the Minister of Veterans Affairs that John Fabian Bates be appointed a Commissioner of the Canadian Pension Commission for a further period of eight years.

(Orders in Council were passed accordingly; P.C. 1957-1033; P.C. 1957-1034; P.C. 1957-1035; P.C. 1957-1036, July 31)

. . .

---

13. DEA/50309-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire du Cabinet

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary to Cabinet

SECRET [Ottawa], July 31, 1957

INTEGRATION OF OPERATIONAL CONTROL OF CANADIAN AND CONTINENTAL UNITED STATES AIR DEFENCE FORCES IN PEACETIME

The United States Ambassador has just been to see me in connection with the press release which is to be issued tomorrow evening announcing Canadian agreement on operational control. He had learned about Canadian agreement from Washington and understood that our respective military people had agreed on the text of the release. This was the first word we had had that the Government had taken a decision. According to the Ambassador, the Prime Minister last Friday saw Mr. Pearkes and General Foulkes and gave his agreement saying that he did not need to discuss it in Cabinet.

As you know, this Department has not opposed this agreement but has been concerned with some aspects of it. Before proceeding to concert with the American Embassy, I would just like to have you confirm that the decision has in fact been taken. The Americans had also suggested that this should be mentioned in the NATO Council and would like us to instruct Wilgress to concert with their man in Paris.

---

[35] Voir/See Document 1.

I am sending this note to you as I expect to be tied up with a couple of Ambassadors at 12 o'clock. If you think anything urgent should be done, perhaps you might call Jack McCordick.

J.W. HOLMES

---

14. DEA/50309-40

Note du secrétaire du Cabinet
pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Secretary to Cabinet
to Assistant Under-Secretary of State for External Affairs

SECRET [Ottawa], August 1, 1957

In answer to your memorandum of July 31st on integration of operational control of Canadian and continental U.S. air defence forces in peacetime, I am sending you this note to confirm the information I gave you orally that this matter was decided by the Prime Minister and the Minister of National Defence in consultation, and they decided it was not necessary to discuss it in Cabinet before informing the United States of our agreement.

In fact the matter was discussed in Cabinet yesterday at the time of Air Marshal Slemon's appointment as Deputy Commander of the integrated headquarters.

I think you may therefore assume that all the steps necessary for government approval of this matter have now been taken and that the press release and any necessary exchange of documents with the United States can be worked out between the Department of National Defence and your Department and the Americans.

I am sending a copy of this note to General Foulkes for his information.

R.B. BRYCE

---

15. DEA/50309-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures
au sous-ministre de la Défense nationale

Acting Under-Secretary of State for External Affairs
to Deputy Minister of National Defence

SECRET [Ottawa], August 2, 1957

Dear Mr. Miller:

INTEGRATION OF OPERATION CONTROL — CANADA-UNITED STATES AIR DEFENCE FORCES

We have already had enquiries from some of the NATO Embassies in Ottawa concerning the announcement made yesterday by the Minister of National Defence on this subject,[36] and we would expect to have to answer further enquiries. To put us in a position to be able to deal with such enquiries effectively we need further information which you may be in a position to supply.

It would be most useful if you could provide us with an official transcript of your Minister's press conference of August 1 on the subject. If a full transcript does not exist, we should be grateful if you could provide us with an outline of the essential points which the Minister made. It is to be assumed that various reports, coloured by the particular point of view of individual journalists, will appear in the press and may be confusing to the representatives of some of our NATO allies who can be expected to be interested in such an important development. I believe we should make an attempt as well to provide the State Department with an outline of what the Minister of National Defence said. A copy of telegram No. 1670 of August 1,† from our Embassy in Washington, has already been referred to you. An additional copy is attached for ease of reference. It indicates that there was some preliminary discussion on the matter of handling press enquiries. I believe it important that we should be in a position to give the State Department a fairly detailed outline of your Minister's remarks in order that we may not be exposed to the charge, which we have occasionally in the past levelled against the State Department, of not being informed of official comments made on subjects of concern to both Governments.

The second question on which I would seek your assistance has to do with the substance of the Government's approval of this integration of operational control. We are not certain to what document exactly the Prime Minister gave his approval, but assume that it was the report of the Canada-United States Military Study Group. For a matter of such importance as this, we believe that there should be some written Governmental agreement which would be completed through diplomatic channels.

I should be grateful if you could let me have your comments on the points raised in this letter as a matter of some urgency, since as I have indicated, we would expect to have to handle a number of enquiries from interested foreign missions in the near future.

Yours sincerely,
J.W. HOLMES

---

[36] Voir/See Canada, Department of External Affairs, *Canadian Weekly Bulletin*, Vol. 12, No. 32, August 7, 1957, p. 3.

16. DEA/50309-40

Le président du Comité des chefs d'état-major
au sous-secrétaire d'État par intérim aux Affaires extérieures

Chairman, Chief of Staff Committee,
to Acting Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, August 7, 1957

Dear Mr. Holmes:

INTEGRATION OF OPERATIONAL CONTROL OF CANADIAN AND UNITED STATES AIR DEFENCE FORCES

Your letter of 2 August addressed to Mr. Miller regarding the marginally-noted subject has been passed to me for reply.

First of all, I would point out that it is not understood why this letter was addressed to Mr. Miller. I would draw attention to the fact that External Affairs Personnel Administrative Notice of 6 January, 1954, clearly lays down that correspondence originated by External Affairs should be addressed to the Chairman, Chiefs of Staff, on:

(a) all NATO military matters; and

(b) all matters affecting strategy, tactics, employment of forces, etc.

I thought it was well known in your Department that the integration of operational control of Canadian and United States forces was a matter which was being dealt with by my office and not by the office of the Deputy Minister.

I am somewhat concerned regarding your letter and also numerous enquiries from officers of your Department at various levels in the Department of National Defence concerning the lack of information regarding this matter of the integration of operational control. I would point out at the outset that I have tried to keep External Affairs completely in the picture on the development of this matter, which has had a long and varied passage since it was initiated by the Study Group over a year ago. This subject was discussed at the 604th meeting of the Chiefs of Staff on 1 February,[37] when Mr. R.M. Macdonnell was present. It was discussed again on 15 February (605th meeting),[38] when a draft paper for Cabinet Defence Committee was circulated,[39] discussed and amended, and a specific amendment was suggested by Mr. Macdonnell of your Department. Copies of the draft papers were circulated to your Department in connection with each of these meetings. You may recall that this matter was prepared for a meeting of the Cabinet Defence Committee to be held in early April and the papers were then circulated for this meeting and available to your Department. This meeting was later cancelled.

In the meantime the United States Chiefs of Staff and the Secretary of Defense had already approved the same recommendations of the Study Group which were incorporated in our submission to the Cabinet Defence Committee.

This subject was again prepared for Cabinet Defence Committee for a meeting to be held on 13 June, and copies of the papers including copies of the Study Group Report were forwarded by the Privy Council office to the Department of External Affairs on 12 June.

---

[37] Voir/See Volume 23, Document 44.

[38] Voir/See Volume 23, Document 47.

[39] Voir/See Volume 23, Document 49.

You may recall, however, that the former Government took a decision not to deal with this matter.[40] However up to this date your Department was kept fully informed of every step which was taken in the development of this subject and all papers were available to your Department.

When Mr. Pearkes became Minister of National Defence this matter, in the same form as it had been presented to the former Government, was presented to him. It was pointed out that there would be considerable embarrassment in any further delays in this matter as the United States Secretary of Defense had already approved the recommendations of the Study Group, and furthermore this subject had been under active consideration since December, 1956. As it had been passed by the U.S. Secretary of Defense and Chiefs of Staff, the chances of a leak in the press or a question being asked in Congress were altogether likely. It was therefore quite urgent that this matter should be dealt with. Mr. Pearkes then made some minor editorial changes in the memorandum and he was advised by the Chiefs of Staff to see whether this could not be taken up by Cabinet Defence Committee. As you are aware, to date no Cabinet Defence Committee has been formed and Mr. Pearkes had some doubts as to whether the Prime Minister would be prepared to set up a Cabinet Defence Committee at this particular time, before his whole Cabinet was organized, to deal with this one particular subject. On receiving this information from Mr. Pearkes that he had some doubts as to whether, first of all, this needed to go to Cabinet Defence Committee, and secondly, whether the Prime Minister would set up a Cabinet Defence Committee in time to deal with this proposal, I informed the Under-Secretary of State for External Affairs of the situation. I also informed Mr. Bryce, and Mr. Bryce assures me that he also had a discussion with Mr. Léger regarding the possibility of getting this matter approved without setting up a Cabinet Defence Committee. However I had the necessary papers prepared for a Cabinet Defence Committee meeting in case it was decided to deal with it in this way.

On 24 July the Minister informed me that he was going to discuss this paper with the Prime Minister that afternoon, and later that day he gave me back the paper I had prepared for the meeting with the Prime Minister, which is endorsed as follows:

"Discussed with the Prime Minister and approved 24 July, 1957".

I was instructed by the Minister of National Defence to take the necessary steps to have an agreed press release prepared and for the appointment of a Canadian Deputy Commander for the Canada-United States Air Defence Command. Therefore I think we can assume that the Prime Minister and the Minister of National Defence approved the memorandum to Cabinet dated 22 July, a copy of which is attached.

Mr. Pearkes also cleared with the Prime Minister a copy of the press release and it was understood that this joint declaration of the Minister of National Defence and the Secretary of Defense was sufficient for the purpose of approving the recommendations of the Study Group in regard to the setting up of an integrated headquarters. However I am informed by Mr. Bryce that this matter was discussed in Cabinet on 31 July and the appointment of Air Marshal Slemon as Deputy Commander of the integrated headquarters was placed before Cabinet in the form of an order in council. It would appear that, for Canadian purposes, the approval of the Deputy Commander of the Canada-United States Air Defence Command in the form of an order in council would be sufficient authority. Therefore I am still wondering why you consider it necessary to have some written governmental agreement completed through diplomatic channels. I would emphasize again that the action which has been taken by both governments is the approval of recommendations contained in para. 2 of the Canada-U.S. Military Study Group's 8th Report of 19 December, 1956, and this recommendation deals with the setting up of a military command. The National Defence Act (para. 18) gives authority to the Minister of National Defence to set up military commands. Furthermore, as this had already been approved by the Secretary of Defense, it would in my opinion have created considerable embarrassment if we had required an exchange of notes, with the resulting delay of several weeks while terms were agreed to in a joint note, and we would have been placing in question the authority of the Secretary of Defense of the United States to set up a joint command with Canada. We would have further been placing this very delicate situation in a position where it might be jeopardized by leaks as more people would have been aware of the probability of a solution to this problem.

---

[40] Voir/See Volume 23, Document 51.

I am not aware of any advantage there would be in having an inter-governmental agreement on the setting up of a military command. This procedure has not been used in the past. Since it is only a public announcement made by two defence ministers, it is assumed that at any time we wish to discontinue such arrangements this could be done by the two ministers. It is not the first time that defence arrangements, even of much greater significance than this, have been made by joint declarations. You may recall that the Ogdensburg Agreement,[41] which bound Canada and the United States to co-operate in military operations, was made by public declarations of the President of the United States and the Prime Minister of Canada, and I have no knowledge that there was an exchange of notes in 1940.

We of course have no objection to any written governmental agreement which you might wish to draw up with the State Department, but we would have had some concern if we had had to delay the announcement of this matter, which was long overdue, while we waited for the several weeks it takes to exchange notes.

In your second paragraph you have asked for an official transcript of the Minister's press conference on this subject. As far as I am aware, no transcript was kept of this memoire (copy attached) and from the memorandum to Cabinet and the appendices attached. The Minister did not issue any prepared statement, not did he read from a prepared statement. Most of the discussion was on a question and answer basis and the answers were all in accordance with the discussion in the Study Group. Therefore it will not be possible to provide you with a statement to send to the State Department outlining the Minister's remarks. The Minister did not intend to have a press conference but only intended to meet any members of the press who had any further questions to ask regarding the release and therefore no elaborate arrangements were made for this press conference. I understand that Mr. Wilson had a similar press conference in Washington and we have not requested a transcript of Mr. Wilson's comments.

As we are unable to provide you with the points which were raised at the conference, I would suggest that if you have enquiries from interested foreign missions we would be pleased to draft answers to these questions.

Yours sincerely,
CHARLES FOULKES

---

[41] Voir Canada, *Recueil des Traités*, 1940, N° 14./See Canada, *Treaty Series*, 1940, No. 14.

17. DEA/50309-40

Le sous-secrétaire d'État aux Affaires extérieures
au président du Comité des chefs d'état-major

Under-Secretary of State for External Affairs
to Chairman, Chiefs of Staff Committee

CONFIDENTIAL [Ottawa], September 10, 1957

Dear General Foulkes,

INTEGRATION OF OPERATIONAL CONTROL OF CANADIAN AND UNITED STATES AIR DEFENCE FORCES

I refer to your letter of August 7 to Mr. Holmes on the above subject. I assume your letter must have been based on a misinterpretation of our letter of August 2, and I hope this letter will clear up any misinterpretation which may exist.

2. Our letter of August 2 was concerned mainly with two questions and contained in addition an expression of this Department's view on the matter of a possible intergovernmental agreement with respect to the integration of operational control of the air defence forces of Canada and the United States. Your reply indicates that you are "somewhat concerned regarding your letter and also numerous enquiries from officers of your Department at various levels in the Department of National Defence concerning the lack of information regarding this matter of integration of operational control." Our letter of August 2 was certainly not meant to express dissatisfaction concerning your liaison with this Department on this matter. We asked first for a transcript of your Minister's press conference because we had been asked for this and thought it would be useful to us as well. You indicate in your letter of August 7 that no official transcript was kept. We asked what document was approved by the Prime Minister in this respect; you indicate your assumption that it was the memorandum to Cabinet of July 22. This Department had not received a copy of that memorandum when Mr. Holmes wrote to you. The enquiries of officers of this Department to which you refer probably only reflected the natural interest of Departmental officers in a highly important development in our defence relations with the United States.

3. You have in your letter, however, raised some additional points on which we should like to comment. As background to these comments I would re-emphasize our Department's view, which was put forward on a number of occasions in the past when Departmental representatives were considering this subject together with their service colleagues. We have always regarded the eventual decision on the integration of operational control of the Canadian and United States air defence forces as a decision of great national importance, for which there was no precedent in recent Canadian history in that it was a decision to grant in peacetime to a foreign representative operational control of an element of Canadian security forces *in Canada*. There is a precedent in the NATO structure for the operational control of Canadian units by non-Canadian commanders, but this, of course, does not apply to forces within the national boundaries. At no time did this Department question the military necessity of the integration. We have, however, been conscious, as I am sure you have also, of the importance of this integration to our political relations with the United States and other NATO governments, for which of course this Department is mainly responsible.

4. It was with these responsibilities in mind that Mr. Macdonnell suggested at the 605th Meeting of the Chiefs of Staff Committee (and the Committee agreed) that a paragraph

should be inserted in the memorandum to the former Cabinet Defence Committee to read as follows: "The United States authorities should be reminded that Canadian willingness to agree to joint operational control of the continental air defence forces should be met by a corresponding United States recognition of the need for adequate consultation with the Canadian authorities on matters which might lead to the alerting of the air defence system." Our reasoning in this context is well known to you. It is difficult to conceive that the United States could take any overt action to protect itself which would not immediately affect Canada. It is possible to conceive of action taken by the United States which would not, for example, involve her allies in the Rio Pact.[42] Geography, and our willingness to cooperate effectively in joint continental defence efforts, give us a special right to demand that United States consultation with Canada be adequate at all times. Canadian consent to enter into an agreement with the United States to set up a single operational commander of air defence forces, who would be an American, should certainly provide us with an opportunity which should not be lost to reassert the need for close consultation and to impress upon the United States Government Canada's special place among the countries allied to the United States. This has been our view in the past and continues to be our view. (We are at the moment, as you are aware, in the process of negotiations with the United States authorities on alerts procedures.) We should have been happier if something along the lines of the quoted paragraph referred to above had appeared in your memorandum to Cabinet of July 22, which you indicate was the memorandum approved by Cabinet.

5. I turn now to consider the joint press release which you mention in your letter under reference. In light of the view which we have held of the importance of this subject, we had always assumed that this Department (and on the United States side, the State Department) would be consulted on any joint press release, in accordance with the provisions of the joint Canada-United States directive governing the release of information relating to joint Canadian-United States defence plans and operations, covered by our exchange of notes with the United States Government effective March 1, 1951. The directive referred to in this exchange reads in part: "The diplomatic channel will be used in obtaining advance clearance of proposed releases and statements regarding important matters of policy, such as any new general principles of defence collaboration adopted by the two countries, or the establishment of important new defence installations by either country in the territory of the other." The reference in the agreed statement of August 1 to NATO is a further matter of interest to this Department. We fully respect your right to disagree with our view, but we think that some consultation on the matter of the press release was in order.

6. We recognize that there is validity in the arguments you have put forward, but this Department still believes that there would be advantage in an inter-governmental exchange on a matter of this importance. You make reference in your letter to the Ogdensburg Agreement of 1940. It does appear, as you are undoubtedly aware, in two of the Canadian Treaty Series publications, the Canadian Treaty Series of 1940, No. 14 and the Canadian Treaty Series of 1947, No. 43. In the latter case it is combined with the joint statement by the Governments of Canada and the United States regarding defence cooperation between the two countries. Perhaps something along the same lines might be in order in this case. We did not, in our letter of August 2, suggest what form the exchange might take. A

---

[42] Signé le 2 septembre 1947 par les États-Unis et 19 pays d'Amérique latine, le Traité interaméricain d'assistance réciproque (le Traité de Rio) a créé une zone de sécurité hémisphérique. Les pays s'engagent à se défendre collectivement les uns les autres.

Signed on September 2, 1947 by the United States and 19 Latin American nations, the Inter-American Treaty of Reciprocal Assistance (the Rio Pact) created a hemispheric security zone in which nations pledged to collectively defend one another.

thought which had occurred to us however was that the conclusions of the Military Study Group, paragraphs 36 to 50 of the Military Study Group's report, might make up the substance of an exchange of notes with the United States. We would see the exchange as an opportunity as well to re-emphasize the desirability of close consultation between the two Governments on matters which might lead to the alerting of the air defence system. It is a matter of orderly practice for governments to record important decisions affecting their relations in diplomatic exchanges. We have many defence agreements with the United States on matters which, in our estimation, are no more important than the integration of operational control of the two air defence forces. (A recent example is the "Dew-Drop" project exchange of notes of July 25 concerning the establishment of a communications facility at Cape Dyer N.W.T.)[43] We had in mind as well that an exchange of notes setting out some of the main principles on which the integration of the two air defence forces would be based (which might perhaps, in their final form, be unclassified) might perhaps make easier the answering of questions in the House which may be asked on this matter when Parliament reconvenes. We would not expect that you would think it desirable to declassify the whole MSG report.

7. We fail to understand your argument that by suggesting an inter-Governmental note "we would have been placing in question the authority of the Secretary of Defence of the United States to set up a joint command with Canada." Nor do we understand your reference to "any written Governmental agreement which you might wish to draw up with the State Department." An inter-governmental agreement, by its very nature, cannot fail to respect the authority of the ministers most concerned. This Department does not make agreements with the State Department; the agreements are between the Canadian and United States Governments. Your points concerning timing and security have some merit, although the subject has been before officials of the two Governments since December 1956 at least, and has been known to all the officials who would have been concerned in any exchange of notes.

8. We shall be taking up with our Minister in the near future the question of some formal inter-governmental exchange on this subject. We should be grateful therefore to have your views on what points of substance should be included in such an exchange.

9. I am sending a copy of this letter to the Secretary to the Cabinet for his information.

Yours sincerely,

JULES LÉGER

---

[43] Le 27 juin 1957, le Cabinet a approuvé une demande des États-Unis pour la construction d'une station de communication à diffusion troposphérique à Cape Dyer, sur l'île de Baffin. Des notes non publiées autorisant la construction ont été échangées le 25 juillet 1957.

On June 27, 1957, Cabinet approved a United States request to construct a tropospheric scatter communication station at Cape Dyer on Baffin Island. Unpublished notes authorizing this construction were exchanged on July 25, 1957.

18. DEA/50046-A-40

Procès-verbal de la réunion du Comité du Cabinet sur la défense

Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], September 19, 1957

Present:

The Prime Minister, (Mr. Diefenbaker), in the Chair,
The Minister of National Defence, (Mr. Pearkes),
The Acting Minister of Defence Production, (Mr. Green),
The Minister of Finance, (Mr. Fleming).
The Secretary (Mr. Martin).
The Secretary to the Cabinet, (Mr. Bryce),
The Deputy Minister of Finance, (Mr. Taylor),
The Deputy Minister of Defence Production, (Mr. Golden),
The Deputy Minister of National Defence, (Mr. Miller),
The Chairman, Chiefs of Staff, (General Foulkes),
The Assistant Under-Secretary of State for External Affairs, (Mr. Holmes).

I. GENERAL REVIEW OF DEFENCE POLICY AND COMMITMENTS

1. *The Minister of National Defence* said that before dealing with the subject on the agenda, he would like to sketch the background of the Canadian defence programme. Canadian defence policy was designed to provide for the security of Canada through collective arrangements within NATO. These arrangements constituted a deterrent to aggression and thus minimized the possibility of a third world war. The advantage in collective defence within an alliance such as NATO was that the necessary combination of forces could be provided along the most economical lines. Smaller countries, such as Canada, did not have to strive for completely balanced forces. Rather each partner attempted to concentrate on providing the elements which met its own particular needs and which could be most effectively built up and maintained.

The most important element in the deterrent to war was made up of the U.S. Strategic Air Force, augmented by the U.K. Bomber Force, and protected by the Air Defence System of Canada and the United States. To protect the NATO area, shield forces had been established in Europe. These, together with the naval forces in the North Atlantic, all formed part of the deterrent and were complementary to the retaliatory forces of the NATO alliance. Canada's defence requirements stemmed from this concept of retaliatory and shield forces of NATO.

The introduction of nuclear weapons had modified the concept of war. Latest NATO guidance stated that a war of the future would divide itself into two phases — the first a period of violent large-scale organized fighting of relatively short duration, not likely to exceed 30 days, during which there would be the greatest intensity of nuclear exchange, and the second, a longer period of indeterminate duration for reorganization and the accomplishment of the tasks leading to the conclusion of the war. It was likely, however, that there would be no clear division between these two phases in the pattern of war at sea, where submarine operations would be continuous.

2. *Mr. Pearkes* had reviewed the conditions expected to prevail in Canada during each phase of war, and had concluded:

(a) that as war was likely to come with little or no warning, Canadian forces to meet D-Day requirements must be ready, in position or on station when a war began, and that there would be little or no time for reinforcing or mobilization;

(b) that in the early days of a war in the 1960's, the services would have to devote the maximum resources to assist in survival; and

(c) that the battle of survival would be the first priority task and until it had been accomplished it would not be possible to carry out additional military activities.

The conditions expected to prevail in the later phases of a war were difficult to forecast. Although the thermonuclear bombardment might be of short duration, problems of survival and rehabilitation would continue for some time. Until survival had been accomplished and rehabilitation commenced, it might be impossible to undertake additional military activities to those being conducted in the first phase. In Europe, military operations would have to be limited initially to the containment and liquidation of such Soviet forces as were on NATO territory. Should conditions here allow, Canada might be required to assist in the rehabilitation of Europe and in the operations in the NATO areas.

Canada's commitments to NATO for the defence of Europe and North America were now as follows:

R.C.A.F.—In Europe, an air division of eight fighter squadrons of 200 F86 day fighter aircraft and four air defence squadrons of 72 CF100's. In Canada, the main effort was in the air defence system for which nine air defence squadrons of 162 all-weather fighters were provided, together with early warning interceptor radar and communication systems.

Army—In Europe, Canada provided a brigade group of three infantry battalions, a field regiment and other supporting troops, to be augmented this year by an armoured regiment. In Canada, the Army maintained a division, less a brigade group, available at D-Day plus shipping time. Originally it had been planned that this division would be dispatched to join up with the other brigade in Europe within the first 30 days. However, conditions now expected to prevail would make this role improbable, and it was most likely that the division, less the brigade, would not be used in the first phase of a battle.

Navy—The Navy's commitment included the provision of an aircraft carrier and 42 escort vessels from D-Day to D plus 180, to assist in keeping open sea lines of communication under the Supreme Allied Commander Atlantic. This commitment was being revised to provide more ships, immediately on D-Day, to deal with the submarine threat from the outset of war and perhaps be able to reduce the commitment of 42 escort vessels.

The R.C.A.F. provided 48 maritime aircraft to operate with the Navy in its role of patrol of the Canadian sub area.

Other commitments were those relating to the cold war and included Army detachments in the Middle East and some personnel in Indo-China, with a few in Kashmir. The R.C.A.F. also had a commitment to the United Nations Emergency Force of an air transport unit based in Naples.

Having in mind the order of magnitude of the defence budget that might be available for the next few years, he had grave doubts whether these previously announced commitments could be met and Canadian forces continue to be equipped with modern weapons. Already there were serious gaps in the long-range forecast of re-equipping. There was no provision made, for example, in the forecasts for re-equipping the Air Division. When the F-86 fighter became obsolete, which would not be too far distant, a decision regarding the future of the division would be necessary. SACEUR had already made certain recommendations regarding the organization and re-equipment of the division which would involve considerable expenditure. SACEUR had been advised that these were not acceptable and had agreed to withdraw the recommendations on the understanding that the future of the division would be discussed with him next year.

In considering the problem of the Air Division, it was necessary to assess carefully responsibilities for the defence of Canada, together with contributions to the defence of the NATO area in Europe. As expenditures for the defence of North America increased, reductions must be made in other parts of the defence budget. It would appear necessary to continue to provide modern fighters and improved detection devices for the air defence of Canada, and later on we might be expected to assume a share in the arrangements to meet a ballistic missile attack. The threat of missile-carrying submarines would require the continued provision of long-range maritime aircraft and new escort ships. It was expected that increased expenditures would be required next year to develop further the air defence system, including the CF-105 and its associated weapons system, and for ships and aircraft for maritime defence. Later on he intended to submit proposals to the committee in connection with the development and production of the CF-105.

In view of all these considerations, he had had a very careful study made of our present and future commitments to ascertain where economies could be made and to point out possible repercussions of making arbitrary reductions in some of the present activities.

II. AREAS OF POSSIBLE ECONOMIES IN DEFENCE EXPENDITURES

3. *The Minister of National Defence* said that, in view of the foregoing, one of the most obvious areas of achieving economies was in the field of reserve and auxiliary forces. The requirement for such forces, except for assisting civil defence activities, had now almost disappeared. However, their complete elimination might raise some repercussions. On the other hand, it was difficult to justify the present level of expenditures involved in these commitments. In the case of the R.C.A.F., last year it had been decided to withdraw the auxiliary forces from the order of battle of the air defence of Canada. Flying in these auxiliary squadrons had then been limited to day fighter squadrons for providing reinforcement pilots, and to transport and light bomber squadrons. The cost of operating 11 squadrons was $12.9 million. It might not be advisable to eliminate all at one time. Therefore consideration was now being given to eliminating the squadrons in Saskatoon and Edmonton and reducing activities in the squadrons in Winnipeg, Calgary and Hamilton, but maintaining those in Toronto, Montreal and Vancouver in their present form. As regards the R.C.N., it was hoped to have the bulk of the regular fleet afloat in peacetime at a reduced establishment. It would be brought up to strength, on an alert, by regular personnel already earmarked in training and static establishments. Officers and other ranks in the reserve would be earmarked to fill these static positions on the outbreak of war and the naval reserve component would be tailored to meet these requirements. This could be done and savings affected by reducing the naval complement to the immediate requirements and by closing down some of the least efficient naval divisions at Cornerbrook and Saint John in Newfoundland, Charlottetown in Prince Edward Island, Kitchener, North Bay and Port Arthur in Ontario, and Prince Rupert in B.C.

The role for which the Army Reserve, or the Militia, had been organized did not now exist. It required over 600 officers and NCO's from the regular force to carry out the present training and the total cost was somewhere around $50 million. The Chiefs of Staff had recommended reorganization of the reserve, but it might not be feasible to complete reorganization this year. However, some savings could be made by reducing training and in certain other militia operations.

The three services conducted extensive officer training in universities across Canada. The programme cost about $8 million a year but the number of officers who entered reserve or active forces had been disappointingly small. It was felt that economies could be made by reducing the number of trainees in the Navy from 300 to 225; in the Army from 550 to 300; and in the Air Force from 400 to 300. This would achieve some savings this year. The reduction plan would involve eliminating officer training by 1959 in six smaller universities and eliminating training by some of the services in twelve other universities.

Savings could also be achieved by transferring to other government departments some activities in which the defence interest had lessened and which civilian government departments might be able to operate at considerable economies. Items which had been considered in this connection were:

(a) Transfer of the *Labrador* to the Department of Transport.

(b) Transfer of R.C.A.F. stations at Whitehorse, Churchill and Goose Bay to the Department of Transport.

(c) Transfer of the Northwest Highway System, in whole or in part, to the Department of Public Works.

(d) Transfer of the Northwest Signal System to the Department of Transport.

Economies might also be made next year by deferring a number of projects which had been planned for inclusion in the estimates for 1958-59. These would include:

(a) Construction projects such as warehouses, the tri-service hospital at Ottawa, installations at static headquarters, and married quarters.

(b) Cancellation of the introduction of an air-to-air missile for the F-86; deferment of replacement for the *Canso*; deferment of replacement of a medium transport aircraft; cancellation of the programme for the CF-100 (Mk. VI) and that part of the Sparrow project related to it; deferment of the building of the wind tunnel and the taking over of the National Aeronautical Establishment.

(c) In the Navy, deferment of construction of tanker supply ships, small yard craft, anti-submarine helicopters, and modifications to the S2F tracker aircraft.

Minor economies might be achieved by closing the naval armament depot at Longueuil and transferring activities to Halifax; by reducing activity in Sydney, N.S.; and by closing out the Suffield Detachment of the R.C.A.F. Central Experimental Proving Establishment.

Arbitrary reductions would be made in such things as travel, transportation, advertising and operating costs, but consideration should be given to the items he had mentioned, which might present local problems, in order to avoid reducing present commitments to NATO and so that the development of modern defence could be continued and the budget kept within reasonable limits.

4. *Mr. Pearkes* recommended that consideration be given to all these areas where economies were possible so that progress could be made in preparing defence estimates for the next fiscal year.

An explanatory memorandum had been circulated.

(Minister's memorandum, September 18th, 1957 — Document D12-57†).

5. *During the discussion* the following points emerged:

(a) In October, a review of the CF-105 programme would be required from the defence production point of view, so that a decision could then be made as to whether, and to what extent, the programme should proceed. This form of review was different from the defence problem which was that of making an assessment of the aircraft and its weapons system in relation to its usefulness for defence.

(b) The Militia had not been given a civil defence role, although it had had limited training for civil defence. It was intended that the Militia concentrate on training in this field next year. The role in this regard differed as between the various services. Savings could be achieved if the Army Reserve at any rate was devoted to civil defence. The Minister of National Defence intended to establish a committee to ascertain how many militia units were required for civil defence. Then suggestions would be made as to which units might be disbanded.

(c) The Militia produced few recruits for the Regular Army, although at the present moment there was no difficulty in obtaining recruits from other sources. In fact, limitations on regular recruiting were necessary at the present time. If the Militia were reduced it would be possible to reduce the strength of the various commands and thus effect a small reduction in the Regular Army and keep it as effective as before. As a preliminary to reductions, training in universities should be restricted starting this year. It would still be the intention to pay tuition in universities for selected personnel who intended to enter the active services.

(d) It was certain that savings could be achieved by transferring some activities to other departments as the Minister had suggested. The Department of Transport would welcome the acquisition of the *Labrador*. As regards the Northwest Highway System, discussions were being held with the B.C. government in connection with the standards of the road. Possibly B.C. might assume part of the maintenance costs on that part of the Northwest Highway that had already been paved. In any event, Public Works could operate the road better than National Defence.

(e) The previous government had decided to proceed with the CF-100 (Mk. VI), equipped with the Sparrow, to fill the gap between the present and the time at which the CF-105 would be available. The Chiefs of Staff felt that cancelling this programme was a risk but that it might be accepted. They had two reasons for recommending this. First of all, it would not be available by the time originally proposed, and secondly it was considered that it would be better to take a risk between now and 1961 rather than after that period. The reason for the delay lay mainly in complications in the Sparrow programme. If that part of the programme related to the CF-100 (Mk. VI) were cancelled, work on it would continue for possible use in connection with the CF-105.

(f) Cancelling the order for CF-100 (Mk. VI's) would mean that 35 additional CF-100 (Mk. V's) would be required, and this would mean that lay-offs at Avro would not be as great as the CF-100 (Mk. VI) cancellation of itself might imply. Such cancellation would, however, mean that additional overhead costs would have to be charged to the CF-105 programme.

(g) Any delay in reaching a decision about the continuation or otherwise of the CF-105 programme would mean added costs.

(h) It was important to ensure that U.K., U.S. and Canadian research and development in defence was co-ordinated to avoid duplication and increased costs. As regards the CF-105, Canada had studied carefully all the different types of aircraft which might be available in the three countries during the period when an aircraft of the required characteristics was needed. Nothing which the U.S. and the U.K. would have available in the period had been found to be suitable. The U.S. were working on fighters for use during the period when the proposed CF-105 would be in service, but these were equipped to operate, generally speaking, with a great deal of ground environment. One of the reasons why it was decided to develop the CF-105 was that not as much ground environment would be required, which was expensive and became more so as distances became greater. The U.K. and the U.S.

had urged Canada to proceed with this programme. It was very doubtful if any could be sold in the U.S. The U.K. would not be apt to buy any, although they would be glad to accept anything that was given to them.

(i) Canada's defence research programme was a smaller percentage of the total National Defence budget than in the U.S. and the U.K. However, the money spent on this purpose here had led to desirable economies. The Defence Research Board was under strict instructions to avoid duplicating work undertaken by our two main partners and to concentrate on fields in which Canada might have special knowledge and techniques.

(j) As regards the wind tunnel, all aircraft needed testing both for development and in the production stages. Only small tunnels were available in Canada and a large one was needed for the R.C.A.F. Now a great deal of testing, both by the Air Force and civilian industry, had to be done in the U.S.

(k) As regards restriction of training in the universities, the method proposed might be modified but a recommendation along these lines should be made.

6. *The Committee* noted the report of the Minister of National Defence on areas of possible economies in defence expenditures and agreed to recommend,

(a) that in the preparation of the defence estimates for 1958-59, consideration be given to the items and areas mentioned by the Minister where economies might be possible, and that general approval be given to proceed with planning in this direction; and

(b) that approval be given at the present time for the proposed reductions in officer training at the universities and for the cancellation of the programme for the CF-100 (Mk. VI) and that part of the Sparrow programme related to it.[44]

W.R. MARTIN
Secretary

---

19. DEA/50309-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[45]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[45]

TOP SECRET [Ottawa], October 7, 1957

In a joint press release on August 1 by the Minister of National Defence and the United States Secretary of Defence it was announced that the two governments had agreed to the setting up of a system of integrated operational control of the Canadian and United States air defence forces. The integrated headquarters at Colorado Springs (NORAD) which became operational on September 12 is commanded by a United States officer with a Canadian deputy.

---

[44] Le Cabinet a approuvé l'annulation du CF-100 Mark VI le 20 septembre 1957.
Cabinet approved the cancellation of the CF-100 Mark VI on September 20, 1957.

[45] Note marginale :/Marginal note:
1- Letter
2- Te[?]
3- Consult U.S.
4- NATO
5- Tabled in Parl. [auteur inconnu/author unknown]

2. A study on the control of North American air defence forces was undertaken a year ago by a joint Canada-United States Military Study Group at the direction of the Chiefs of Staff of both countries. The Military Study Group report which was submitted in December 1956 concluded that the operational control of Canadian and United States air defence forces should be further integrated under a joint Canada-United States headquarters responsible to the Chiefs of Staff of both countries. The Study Group report together with the explanatory memoranda which were submitted to interested Ministers in July are attached for convenience of reference.[46]

3. This Department has never questioned the military judgment that this integration was a defence necessity. We have, however, been conscious of the importance of this integration to our political relations with the United States and other NATO Governments. We have believed as well that it has important domestic political implications. We have therefore always considered it desirable that the setting up of the integrated command should be recorded in an intergovernmental agreement. The Chairman, Chiefs of Staff is unconvinced of the need for an intergovernmental agreement on the subject. He has argued that the Minister of National Defence has the authority to set up military commands and that the command is within the NATO concept and should not therefore be difficult to explain to Parliament or to the public.

4. Our main arguments for the desirability of an intergovernmental agreement are the following:

(a) It is a matter of orderly practice for governments to record in diplomatic exchanges, important decisions affecting their relations. We have many defence agreements with the United States on matters which are far less important than the matter under discussion.

(b) The establishment of NORAD is a decision for which there is no precedent in Canadian history in that it grants in peacetime to a foreign representative operational control of an element of Canadian security forces *in Canada*. It would seem desirable, therefore, to record in an intergovernmental agreement, the reasons for the decision and the principles upon which the decision is based.

(c) An intergovernmental agreement outlining the important features of the integration which could, perhaps, be tabled in the House, would make easier the answering of parliamentary questions which may be asked when the House reconvenes.

(d) An exchange of intergovernmental notes would give us another formal opportunity to record United States recognition of the need for adequate consultation with Canadian authorities on matters which might lead to the alerting of the air defence system.

5. It might be useful to expand somewhat on the points dealt with in subparagraphs 4(b) and 4(d) above. There is a precedent in the NATO structure for the operational control of Canadian units by non-Canadian commanders. This, of course, does not apply to forces within the national boundaries. The establishment of NORAD is "within the NATO concept." The Commander-in-Chief, NORAD, however will not be responsible to the NATO Standing Group. The NATO Council and the Standing Group were merely informed that NORAD was being established on the day that it was established. To the best of our knowledge there is no desire at this point to create in North America a truly NATO command similar to SACEUR which would leave the way open for the service in it of senior officers of our NATO allies.

---

[46] Note marginale :/Marginal note:
The attachments are those sent to us under the CCOS' letter of Aug 7. J.J. M[cCardle]

6. The reasoning behind subparagraph 4(d) above is the following. It is possible to conceive of an action taken by the United States which would not involve her allies in the Rio Pact for example. It is difficult to conceive that the United States could take any overt action to protect itself which would not immediately affect Canada. Geography and our willingness to cooperate effectively in joint continental defence efforts give us a special right to demand that United States consultation with Canada be adequate at all times. Canadian consent to the establishment of NORAD should provide us with an opportunity which should not be lost to reassert formally the need for close consultation and to impress upon the United States Government Canada's special place among the countries allied to the United States.

7. The terms of reference of the Commander in Chief, NORAD, have not yet been drawn up in detail. They will be submitted eventually to the Chiefs of Staff organizations on both sides of the border. Governmental approval of them will be required. Perhaps this would be the time for an intergovernmental note although in our view we would not have to wait for detailed terms of reference to be worked out if it is agreed that the intergovernmental note should simply record the principles upon which the integrated command is based.

8. We believe that the political aspects both domestic and international of the establishment of NORAD raise questions which can only be decided by Ministers. We would recommend therefore that you discuss the points we have raised with the Minister of National Defence with a view to reaching a decision in principle as to whether or not an attempt should be made to work out an intergovernmental agreement with the United States authorities. If it is decided that an attempt should be made to work out such an agreement there is much to be said for taking the initial steps towards that end as quickly as possible. If questions are asked early in the session of Parliament concerning the establishment of NORAD the government would then be in a position to say that a detailed agreement on the subject was in the process of being worked out with the United States Government. It would of course be necessary to seek the preliminary agreement of the United States authorities that an intergovernmental agreement should be negotiated before anything could be said publicly in this vein.

J. L[ÉGER]

---

20. DEA/50309-40

Le secrétaire d'État aux Affaires extérieures
au ministre de la Défense nationale

Secretary of State for External Affairs
to Minister of National Defence

CONFIDENTIAL [Ottawa], October 18, 1957

My dear Colleague,

I have now had an opportunity to study the announcement which you made on August 1 concerning the setting up of a system of integrated operational control of the Canadian and United States air defence forces. I understand that the integrated headquarters at Colorado Springs (NORAD) became operational on September 12. My particular interest in this subject centres on what I believe is its importance to our political relations with the United States and other NATO governments. I think you will agree as well that the establishment of NORAD has important domestic political implications.

2. With these thoughts in mind, I would like to suggest for your consideration that we should make an effort to record at some convenient time, the establishment of this integrated headquarters in an intergovernmental agreement with the United States Government. It is a matter of orderly practice for governments to record in diplomatic exchanges, important decisions affecting their relations. There can be no doubt of the importance of the establishment of NORAD and it would seem to me desirable, therefore, that we should make an attempt to work out with the United States Government an exchange of notes which would set out the reasons for the decision and the principles upon which the decision was based. It seems to me as well, that there would be merit in drafting the exchange of notes in such a fashion that they could be tabled in the House. I think we can expect parliamentary questions on this subject and the Government would be in a better position to answer such questions if it was able to table the kind of exchange of notes which I have in mind. We would, at the same time, be in a position to inform our NATO allies in somewhat greater detail than we have so far done, about a development which cannot but be of interest to them affecting as it does, the defence of an important part of the NATO area.

3. I understand that the detailed terms of reference of the Commander-in-Chief of NORAD have yet to be drawn up and that they will be submitted eventually to the Chiefs-of-Staff organizations in Ottawa and Washington. I presume that governmental approval of these terms of reference will be required. Perhaps this would be the best time to work out intergovernmental notes which could embody in general, the terms of reference of NORAD as a substantial part of the notes to be exchanged.

4. If you agree with me that an attempt should be made to work out such an intergovernmental agreement, I think there is much to be said for taking the initial step towards this end as quickly as possible. If we could reach a decision in principle that an exchange of notes with the United States Government is desirable we should seek the preliminary agreement of the United States authorities that an intergovernmental agreement should be negotiated. If such agreement is obtained, and I see no reason why it should not be, the Government would then be in a position, if questions are asked in Parliament, to say that a detailed agreement on the establishment of NORAD was in the process of being worked out with the United States Government.

5. I should welcome your comments on the points which I have raised in this letter.

Yours sincerely,

SIDNEY SMITH

P.S. The suggestion of the P.M. about making NORAD subject always to the civil power in the two countries is not irrelevant to this proposal.

21.

DEA/50309-40

Le ministre de la Défense nationale
au secrétaire d'État aux Affaires extérieures

Minister of National Defence
to Secretary of State for External Affairs

Ottawa, October 25, 1957

My dear Colleague,

I wish to thank you for your letter of October 18 regarding the establishment of the integrated headquarters at Colorado Springs. I find myself in general agreement with the sentiments expressed in your letter and I suggest that the Chairman of the Chiefs of Staff contact officers of your department in order to work out the details regarding the exchange of notes between our government and the government of the United States at the earliest opportunity.

With regard to the question of the terms of reference, I would suggest that the notes should not delimit these terms too precisely. Should an occasion arise in the future when it is felt necessary to change these terms, this could be done then without the necessity of a re-exchange of notes.

Yours sincerely,
GEORGE R. PEARKES

---

22. DEA/50309-40

Le président du Comité des chefs d'état-major
au sous-secrétaire d'État aux Affaires extérieures

Chairman, Chiefs of Staff Committee,
to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, October 28, 1957

Dear Mr. Léger:

INTEGRATION OF OPERATIONAL CONTROL OF CANADIAN
AND UNITED STATES AIR DEFENCE FORCES

Reference is made to your letter of 10 September 1957, and also to the letter from Mr. Pearkes to Mr. Smith dated 25 October 1957, regarding an exchange of notes with the United States Government on this matter.

I have read your letter of 10 September over carefully, and we were of the opinion in this Department that an exchange of notes could be proposed on the basis of the terms of reference of NORAD. However, as the proposed terms of reference have just been received and are now being studied by the Joint Planners for further consideration by the Chiefs of Staff, it is likely to be some time before they are agreed. Therefore, if you feel that it is necessary to exchange a form of notes before the terms of reference have been agreed in detail, it is suggested that the contents of the notes should only be made in the broadest possible terms in order that changes in the terms of reference can be made in the future without the necessity for a re-exchange of notes.

When you are ready to discuss the contents of the notes it will be appreciated if you would have your representative get in touch with Brigadier R.P. Rothschild, Coordinator of the Joint Staff, for preliminary discussions on the contents.

Yours sincerely,
CHARLES FOULKES

23. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 29, 1957

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice
and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio
and Acting Minister of Trade and Commerce (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Leader of the Government in the Senate (Senator Haig).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

AVRO-ORENDA LAY-OFFS; CONTINUATION OF THE CF-105 PROGRAMME (PREVIOUS REFERENCE OCTOBER 25)†

22. *The Minister of National Defence* reported that the problem of lay-offs at Orenda Engines Ltd. and at Avro Aircraft Ltd. had been further studied by him and the Acting Minister of Defence Production with their officials and with officials of the two companies, in an attempt to reach a programme which would be acceptable to the R.C.A.F. and at least reduce the lay-offs.

Officials of Orenda Engines intimated there would be an immediate lay-off of 1,120 men, and further ones up to a total of 1,370 by next June. By accelerating work on the Iroquois engine, transferring some work from de Havilland's at Downsview, producing additional engines for 20 CF-100's, and by transferring some work from the United Kingdom, the lay-offs at Orenda would be reduced to 450. For this programme $5.8 million would be required in 1957-58 and $6 million in 1958-59. The funds required in 1957-58 could be met from the present R.C.A.F. vote.

As regards Avro Aircraft, a new programme of tool improvement and the production of 20 additional CF-100 Mark V's would reduce lay-offs by next June from 2,100 to 1,075. Normal attrition would take care of a portion of these lay-offs. In 1957-58, $2.5 million would be required and in 1958-59, $7.25 million. The R.C.A.F. had no requirement for these extra CF-100's but they would probably be acceptable as mutual aid for some N.A.T.O. countries.

These two proposals were based on the assumption that the CF-105, or Arrow programme, together with work on its Sparrow missile, would continue. A decision on this important project was therefore required now. The CF-105 was a supersonic fighter designed to encounter the anticipated bomber threat the Russians might have in the 1960's. By March 31st, 1958, $226,260,000 would have been spent on its development. It had not yet flown, and further development and testing was required before a decision could be made to go into production for squadron service. An estimated $172,612,000 was required during the next fiscal year for the Arrow and related equipment, including the Sparrow II missile. The production programme might begin the year following.

The pre-production programme anticipated construction of 29 aircraft. Some of these, no doubt, could be taken into squadron service if it were decided to equip the R.C.A.F. with this aircraft. The programme for the CF-105 and its intended Sparrow missile had been re-assessed. It had been confirmed that the Arrow promised to be superior to any other known contemporary fighter and it was considered an essential requirement of the R.C.A.F. The Chiefs of Staff agreed that the work on it should be carried forward.

The Minister recommended that the development programme for the CF-105 and Sparrow II missile proceed for a further twelve months and a decision be then made as to whether the government embark on procurement. He also proposed that the programmes to reduce lay-offs at Orenda Engines and Avro Aircraft be implemented.

An explanatory memorandum was circulated. (Memorandum, undated, unsigned, headed "AVRO-ORENDA Lay-Off")†

24. *Mr. Pearkes* added that the CF-105 programme could be stopped if new developments warranting such a step occurred. He recognized that an enormous amount of money was involved but he could suggest no alternative.

25. *During the discussion* the following points emerged:

(a) So far as the lay-offs were concerned, the solution suggested went a long way towards solving the problem.

(b) As for proceeding with the CF-105, it was a tremendous gamble. $400 million would have been spent before it was known if the aircraft could be put into use in the R.C.A.F. However, there was no time to study and weigh the programme in its entirety. Meanwhile, the situation could be closely watched and the programme stopped if necessary.

(c) The Prime Minister of the United Kingdom had said a few days before that central banking policy in his own country and probably in the U.S. and Canada would have to be modified. The fear of inflation had been replaced by a growing fear of widespread unemployment. The lesser of two evils was to deal appropriately, and in time, with the question of money supply. A strong stand would have to be taken with the Bank of Canada.

(d) The transfer of some work by Orenda Engines from the U.K. was going to occur in any event, so there was no question of reducing U.K. purchases.

(e) As regards the employment situation generally, an additional amount of money to the $150 million made available for low-cost housing should be provided.

26. *The Cabinet* noted the report of the Minister of National Defence on the lay-offs at Avro Aircraft, Ltd. and Orenda Engines, Ltd. in Toronto and on the CF-105 programme, and approved,

(a) the continuation for another 12 months of the development programme for the Arrow (CF-105) aircraft, including the ordering of 29 pre-production aircraft, improvement of tooling for the aircraft, acceleration of the development of the Iroquois engine, and continuation of the necessary related programmes;

(b) the continuation of the Sparrow II missile programme;

(c) the procurement of an additional 20 CF-100 Mark V aircraft and the convertion of the Orenda engines necessary for them; and,

(d) the transfer of certain engine repair and overhaul work to Orenda Engines, Limited.

. . .

---

24. DEA/50309-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], December 2, 1957

NORAD — POINTS OF SPECIAL INTEREST TO EXTERNAL AFFAIRS

Since the establishment of NORAD has been the subject of questions in the House, you may be questioned further on this subject in the External Affairs Committee. You can, I believe, legitimately decline to comment on the purely military aspects of the command which are of main concern to the Minister of National Defence. On the other hand, the following aspects of the matter will be more directly related to your responsibilities and you may wish to deal with any questions which may touch on them. (This memorandum should be read in conjunction with an additional background memorandum on NORAD which has been prepared for you.)†

2. *Intergovernmental Agreement.* The Minister of National Defence said in the House on November 4 that there was no formal or written agreement on the establishment of NORAD between the Canadian and United States Governments but that a note was in course of study.[47] He said on November 5 in the House that NORAD was operative on an interim basis until a formal agreement had been drawn up.[48] You may wish, if questioned, to reaffirm the Government's intention to conclude an intergovernmental exchange in due course and to indicate that the United States Government has agreed in principle to this course of action. You may also wish to indicate the Government's willingness to table this exchange in the House if security permits. You should bear in mind, however, that notes have not as yet been drafted.

3. *Relationship with NATO.* This is not an easy question. The Minister of National Defence said on November 5 in the House that "the general defence of the North American continent is equally part of the object of the North Atlantic Treaty Organization" but he did not give a direct answer to a question as to whether C-in-C NORAD was a NATO commander.[49] The Prime Minister, on November 13, spoke of NORAD in the House as an

---

[47] Voir Canada, Chambres des Communes, *Débats*, 1957-58, volume I, 4 novembre 1957, pp. 736 à 737. See Canada, House of Commons, *Debates*, 1957-58, Volume I, November 4, 1957, p. 702.

[48] Voir Canada, Chambres des Communes, *Débats*, 1957-58, volume I, 5 novembre 1957, p. 794. See Canada, House of Commons, *Debates*, 1957-58, Volume I, November 5, 1957, p. 758.

[49] Voir Canada, Chambres des Communes, *Débats*, 1957-58, volume I, 5 novembre 1957, p. 794. See Canada, House of Commons, *Debates*, 1957-58, Volume I, November 5, 1957, p. 758.

"arrangement within the Canada-United States regional planning group (CUSRPG)" and is a "further step in achieving the agreed NATO objectives for the CUSRPG."[50]

4. In a letter to us of November 26,† the CCOS stated in part "NORAD is actually a NATO command set up within the Canada-United States region ... it does not necessarily have to be designated a NATO command to come under the NATO umbrella." He went on, however, to express the hope "that it will not be necessary to make any further approaches to the NATO Council in this regard." Officials in this Department do not believe that NORAD is a NATO command in the normally accepted sense of the term. CUSRPG is the one remaining planning group of the original five which were established under the NATO Treaty in 1949. Since that time the other planning groups have been organized into NATO commands. Much of the reluctance to establish a multinational command in North America has been on the United States side and has been related to United States disclosure policy. CUSRPG relations with the NATO Council have been more nominal than real. The paradox has existed, therefore, that while constantly stressing that North America is part of the NATO area and that continental defence is a part of the NATO defence effort, there has not been full integration of CUSRPG activities in the NATO military organization.

5. The most recent expression of United States views in this respect are interesting. A few weeks ago our Ambassador in Washington was told by a senior State Department official that Mr. Dulles thought there might be some feeling among European NATO partners that the establishment of NORAD represented a closer and more intimate identification of Canadian defence with United States defence than the United States was prepared to concede in regard to the interrelationship of United States defence and NATO European defence. Against this background, the United States authorities were considering whether it would be helpful at the Paris Meeting for the United States and Canada to offer to make our continental defence arrangements a NATO command. On November 27, another State Department officer told the Embassy that while there might be some political advantages in Mr. Dulles' line of thought, the United States military authorities would not initiate or favour any action in this direction.

6. It is true that NORAD's establishment is within the NATO concept and that NATO nations are encouraged to make bilateral arrangements in order to achieve balanced forces and more efficiency. Officials in this Department think it would be unwise at this stage to go beyond this general statement in speaking of the relationship between NORAD and the NATO military organization. It will not be possible for Canada unilaterally to declare that NORAD is a NATO command; United States agreement to this concept would be essential and as we have indicated above, the United States military are not prepared to implement such a concept at the moment. The door could be left open, however, for further consideration of a closer link with NATO if circumstances seem to warrant such action. Any questioner can be assured that the current arrangements are satisfactory to NATO authorities.

7. *Civil Control and Sovereignty.* The draft terms of reference for NORAD which are presently under consideration provide that C-in-C NORAD will be responsible to the Chiefs of Staff organizations in Canada and the United States. Any plans, therefore, which may be recommended by NORAD for continental air defence will be subject to the concurrence of the Canadian Chiefs of Staff and therefore the Canadian Government. The loss of Canadian sovereignty which may be involved in the setting up of a joint air defence com-

---

[50] Voir Canada, Chambres des Communes, *Débats*, 1957-58, volume I, 13 novembre 1957, p. 1112.
See Canada, House of Commons, *Debates*, 1957-58, Volume I, November 13, 1957, p. 1060.

mand under a United States officer is more apparent than real. The machinery remains for national authorities to exercise control over this individual and the fact that his deputy is a Canadian and that Canadian officers are integrated into the combined headquarters offer further guarantees that Canadian interests will be given proper attention.

8. *Consultation.* There have, as you know, been a number of questions in the House on the degree of consultation which C-in-C NORAD will be required to have with Canadian authorities before he orders Canadian planes into action. The question of exact military relationships in this field is more properly one to be dealt with by the Minister of National Defence. You may, however, wish to be in a position to make some general comments. We suggest it might be possible for you to emphasize that this is an air defence command and not a command which will take the initiative in launching an offence against the Soviet Union. It will react only if directly attacked. It is only common sense that if enemy planes are within the air defence warning system (i.e. the radar lines) the command should have the ability to react immediately to investigate and if necessary to deal with such incoming planes which are definitely identified as being hostile. Arrangements have always existed for the two separate air commands to take action immediately in the event of surprise attack. These plans for action are military plans approved in advance by the national authorities. There is no reason to believe that a unified plan of the same general order will not be approved for the new unified command by the national authorities.

J. L[ÉGER]

---

25. J.G.D. XII/F/335 Vol. 117

Projet de note du premier ministre pour le secrétaire d'État aux Affaires extérieures[51]

Draft Memorandum from Prime Minister to Secretary of State for External Affairs[51]

SECRET [Ottawa], December 4, 1957

NORAD ARRANGEMENTS

I am somewhat concerned over the impression that is being given to the public, for example in this morning's papers,[52] concerning the lack of consultation with External Affairs over arrangements made with the United States for the establishment of the North American air defence operational control. I thought I should let you know my understanding of what happened so that should the matter come up again in Parliament or in public, we can all safeguard against creating the impression that there has been some serious dispute within the government or between the departments of External Affairs and National Defence on this matter.

Most of the preparations for this integration of operational control went forward under the previous government. It is my understanding, which I have already told the House of

---

[51] On ne sait pas avec certitude si une version finale de ce document a été envoyée à Smith.
It is not clear if a final version of this document was sent to Smith.

[52] Voir, par exemple, le *Ottawa Citizen* du 4 décembre 1957, p.16.
See, for example, *The Ottawa Citizen*, December 4, 1957, p. 16.

Commons on November 22nd,[53] that these preparations had got to the point where the substance of the proposals were before the previous government for decision, but no decision was taken for reasons that it is best that they explain rather than ourselves. My understanding is that they simply did not wish to take action which might lead to controversy before an election, nor to authorize this matter after the election, when they were leaving office.

During these preparations over a period of several months, I understand that the department of External Affairs knew very well what was going on and that in fact senior officers of that department had discussed the matter on a number of occasions at meetings of the Chiefs of Staff and indeed had made suggestions that had been accepted by the Chiefs in connection with the recommendations that should be made to Ministers. I have no doubt myself that Mr. Pearson was quite familiar with what was going on, but of course we are not in a position to prove this in public. I would assume, and I am sure you can verify, that the department must have done some work on this in advising Mr. Pearson on the matter in preparation for consideration of it when it came before Ministers in a group.

After we took office, the Chiefs of Staff placed this matter before Mr. Pearkes as was their duty. He went into it in detail and came to the conclusion that the proposal of substance should be implemented without further delay. The delay occasioned by the preceding government had already been so long that it was embarrassing to delay further on matters of procedure or form when the question of substance was of such importance and agreement in substance had been achieved.

Mr. Pearkes brought the matter to me in my capacity as Secretary of State for External Affairs as well as Prime Minister. I understand that before he did so, the Chairman of the Chiefs of Staff had advised the Under-Secretary of State for External Affairs that Mr. Pearkes considered the matter should not be taken up by the Cabinet Defence Committee as originally had been expected but directly between Ministers and possibly by the Cabinet.

When Mr. Pearkes and I discussed the matter, we came to the conclusion that it did not require action by the Cabinet and it should be put into effect and announced without any further delay. In agreeing to this, I was acting as Secretary of State for External Affairs as well as Prime Minister. I was responsible for the degree of consultation that took place with officers of the department of External Affairs. It is my understanding that immediately after Mr. Pearkes and I took the decision we did, he went directly to Mr. Léger's office and informed Mr. Léger of what was decided, so that the department of External Affairs would know immediately what was involved. He also informed the Secretary to the Cabinet at about the same time and to the same effect.

Mr. Pearkes and I informed the Cabinet of what we were proposing to do in connection with the appointment of Air Marshal Slemon as deputy commander in the new integrated centre at Colorado Springs and at the time of approving his appointment on July 31st,[54] the

---

[53] Diefenbaker a bel et bien fait des observations à propos du NORAD à la Chambre le 22 novembre, mais la déclaration en question a été faite le 13 novembre. Voir Canada, Chambres des Communes, *Débats*, 1957-58, volume II, 13 novembre 1957, pp. 1113 à 1114.

Although Diefenbaker did comment on NORAD in the House on November 22, the statement referred to here was made on November 13. See Canada, House of Commons, *Debates*, 1957-58, Volume II, November 13, 1957, p. 1061.

[54] Voir/See Document 12.

Cabinet noted and took no objection[55] to the proposals regarding the integration of command.

It may well be that the department of External Affairs had some useful suggestions to make concerning the procedure by which this command should be established and the nature of the negotiations with the United States concerning it and the form in which it should be officially recorded. I do not recall whether they offered me any advice on this matter when I was Secretary of State for External Affairs.[56]

I hope it will be possible for you, Mr. Pearkes and myself to present a common understanding on this important matter now and to ensure that our officers concerned with it do not say or do anything of which the echoes would reach the public.

I notice that Pearson has suggested in the House that there was not adequate government consideration of this matter.[57] This is really none of his business. The government accepts full responsibility for what is done and how we reach a decision is the business of the government and not of Parliament.

The immediate problem is to see to it that the terms of reference of NORAD are properly defined, that the lines of authority are properly drawn and that the understanding with the Americans is properly negotiated and recorded.[58] I think now that your department as well as National Defence should address themselves to this question and see to it that this important matter is handled in the best way possible. I do not know of any reservations that you and your department have on the questions of substance involved and I would think it is possible now to work out the procedures and necessary formal agreements in a satisfactory manner.

---

26. DEA/50210-F-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2630 Washington, December 12, 1957

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Our Tel 2626 Dec 12.†

USA PROPOSALS RE CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN DEFENCE OF NORTH AMERICA

As the State Department had informally indicated in advance to us, Mr. John Jones, Acting Assistant Secretary for European Affairs, called me to the department today for the purpose of outlining USA proposals for the closer integration of atomic capabilities in defence of North America. General Loper, Chairman of the Military Committee to the Atomic Energy Commission, was present, as were representatives of the Office of the Special Assistant for Atomic Energy matters in the State Department, and officials from the Canadian desk. Jones explained that he was receiving me in the absence of Burke Elbrick, who has left for the NATO meetings. He began by referring to earlier discussions between Mr. Elbrick and my predecessor on September 19, 1956, when the State Department outlined its plans for an agreement governing the use by USAF of the MB-1 air to air rocket.[59] This particular agreement was now in effect as a result of formal exchanges of notes between the two governments. Jones said that the earlier meeting constituted the first step in the study of means by which satisfactory arrangements could be made to incorporate atomic weapons into common air defence of the North American Continent. The MB-1 agreement which had been concluded on February 19, 1957, had been renewed on June 28 last to be effective until July 1, 1958.[60]

---

[55] Dans une note marginale, Diefenbaker a encerclé « took no objection » et a écrit « agreed ».
In a marginal note, Diefenbaker circled "took no objection" and wrote "agreed".

[56] Diefenbaker a écrit « omit » à côté de ce paragraphe.
Diefenbaker wrote "omit" beside this paragraph.

[57] Voir Canada, Chambres des Communes, *Débats*, 1957-58, volume II, 26 novembre 1957, pp. 1602 à 1605.
See Canada, House of Commons, *Debates*, 1957-58, Volume II, November 26, 1957, pp. 1523-1526.

[58] Note marginale :/Marginal note:
? [J.G. Diefenbaker]

2. The USA authorities now wished to begin explorations in the first instance in USA-Canadian military channels of ways and means of bringing about a closer integration of atomic capabilities in continental air defence. (This intention was referred to in the[61] most recent USA note concerning MB-1 rocket overflight arrangements.) The matters they would like to take up in these talks would include:

(a) ways and means under the Atomic Energy Act of supplying MB-1 rockets to RCAF interceptors;

(b) the provision of atomic warheads to any Bomarc units that may be established in Canada;

(c) possible Canadian requirements for Nike-Hercules type weapons with atomic warheads.

3. These proposed talks would also include plans for storage of MB-1 rockets for employment by USAF interceptors at Goose Bay and certain other points in Canada. The USA navy is prepared to undertake separate discussions with the Canadian navy concerning an item of more urgency, namely, the introduction of nuclear anti-submarine devices at the leased base in Argentia.

4. Jones indicated that before any steps are taken to initiate the proposed discussions through military channels, the views and comments of the Canadian government were being sought in advance.

---

[59] Voir/See Volume 23, Document 28.

[60] L'échange de notes du 28 juin 1957 prorogeant jusqu'au 1er juillet 1958 l'autorisation de survol donnée aux forces aériennes des États-Unis munis de missiles nucléaires MB-1 maintenait la limite d'origine de ces vols à 50 degrés de latitude nord. Le 12 mai 1958, un échange de notes étendait la zone de survol des forces aériennes des États-Unis à 54 degrés de latitude nord à condition que les armes nucléaires ne soient pas entreposées à Goose Bay, qui se retrouvait à l'intérieur du territoire de survol élargi. Le 30 juin 1958, il y a eu échange de notes renouvelant l'accord de survol – y compris l'élargissement de la zone de survol – pour 12 mois encore.

The notes exchanged on June 28, 1957 extending permission for overflights by USAF aircraft equipped with MB-1 nuclear missiles to July 1, 1958 maintained the original limit for these flights at 50 degrees north latitude. On May 12, 1958, notes were exchanged extending the range of USAF overflights to 54 degrees north latitude on the understanding that nuclear weapons would not be stored at Goose Bay, which fell within the extended overflight territory. On June 30, 1958, notes were exchanged renewing the overflights agreement — including the extended boundary — for a further 12 month period.

[61] Note marginale :/Marginal note:

June 28 '57 note [auteur inconnu/author unknown]

5. As a separate matter, the State Department wished to raise the question of the storage of nuclear weapons at Goose Bay for SAC, in order to improve the operational effectiveness of the Strategic Air Command. The USA request on this aspect was set forth in an aide mémoire, the text of which is contained in my telegram 2631. Jones explained that the question of the arrangement for the deployment of nuclear weapons at Goose Bay was being taken up with us directly without prior military consultation primarily for the reason that long standing (XYZ) procedures have been in effect with Canada covering the clearance of SAC planes carrying atomic weapons.

6. On all the foregoing matters it was made clear that the USA authorities looked for an expression of the views of the Canadian Government before any explorations through military channels are begun. I told Jones in reply that these proposals would be brought to your attention at once, but indicated that in view of the forthcoming NATO meeting,[62] and the absence of ministers from Ottawa, there might be some delay in obtaining your views.

7. I raised the question of the relationship of the presentation of these proposals to any proposals which may be made at the forthcoming NATO sessions. Jones recognized the clear relationship between the two and said that the proposals presented to us today might have to be modified in some respects as a result of the NATO discussions, and that conversely, they might to some extent affect the proposals to be made in the NATO context. The State Department had concluded, however, that these proposals should be brought to our attention before the NATO meeting primarily because of the long history of close cooperation in defence matters, and our common responsibilities in joint defence.

8. The question was raised as to whether the proposed provision of the MB-1 rocket to the RCAF could be arranged within the limitations of the present atomic energy legislation. General Loper replied to this, pointing out that the limitations of present legislation required USA custody, but that this was one of the detailed matters which it was hoped to explore further in the military discussions envisaged. Presumably similar problems would have to be examined in connection with the proposed provision of atomic warheads to any Bomarc units that might be established in Canada, and to the possible provision for Canadian requirements of Nike-Hercules weapons with atomic warheads.

9. In view of the importance of these proposals, and their political as well as military implications for Canada, I drew attention to my understanding that when the question of the establishment of storage for non-nuclear components at Goose Bay had come up some years ago, under the previous administrations in both countries, we had been informed of the internal constitutional arrangements which would govern the reaching of a decision by the President to authorize the use of nuclear weapons. My understanding was that while the responsibility of decision for their use lay ultimately in the hands of the President, there had been set up a direct chain of prior consultation in which the Secretary of State was included which had to be followed before a final decision with respect to use was taken. I asked if these arrangements were presently in force. General Loper said that under existing legislation and the rules of procedure, the President had the final authority, and that he assumed that the decision as to whom he should consult would be his. (I feel that this matter of internal USA procedure though technically a domestic one is in fact of very great and direct concern to a country associated as closely with USA defence as Canada is).

10. In reply to a further question on my part, Jones and General Loper both confirmed that the arrangement requested in the aide mémoire for the storage of nuclear weapons at

---

[62] Voir volume 24, chapitre II, 4ᵉ partie./See Volume 24, Chapter II, Part 4.

Goose Bay was similar to an arrangement already concluded between the USA and the UK Government. On this point my understanding is that the new element is that while arrangements are presently in effect for the storage of the non-nuclear components at Goose Bay for SAC, the present request relates to a request for the storage of the nuclear components.

11. We are not proposing any distribution of this message. You will presumably, however, repeat it to the Minister at NATO Paris, where he can discuss it with the Prime Minister and General Pearkes.

[N.A.] ROBERTSON

---

27. DEA/50210-F-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2631 Washington, December 12, 1957

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Our Tel 2630 Dec 12.

USA PROPOSALS RE CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN DEFENCE OF NORTH AMERICA

Following is the text of the aide mémoire referred in our reference telegram concerning the proposed storage of nuclear weapons at Goose Bay: Begins:

In order to improve the general operational effectiveness of the USA Strategic Air Command, the USA Government desires to deploy nuclear weapons to existing storage facilities at Goose Bay. This proposed deployment is intended to implement long-range planning for the maintenance of the operational effectiveness and readiness of the Strategic Air Command.

It is envisaged that, upon receipt of the general clearance of the Canadian Government for the proposed deployment program, subsequent notification of aircraft movements would be made by filing of flight plans 48 hours in advance, as specified in procedure "Y" of schedule B to Order-in-Council (PC 2307) dated 17 April 1952. Government-to-government clearance under established "Z" procedures will of course be required in any case where an immediate strike is contemplated. Ends.

28. DEA/50210-F-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le premier ministre

Memorandum from Assistant Under-Secretary of State for External Affairs to Prime Minister

TOP SECRET. CANADIAN EYES ONLY. Ottawa, December 13, 1957

UNITED STATES PROPOSALS FOR CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN DEFENCE OF NORTH AMERICA

There are attached for your information copies of telegrams 2630 and 2631 from our Embassy in Washington. They report a United States approach, the object of which eventually is a closer integration of Canada-United States atomic capabilities in continental air defence.

2. The United States proposals cover the whole range of defence possibilities on land, sea and in the air. They deal as well with the deployment of the strategic deterrent. They involve providing atomic warheads for use (a) in the air, i.e., the MB-1 rocket, (b) from the ground, i.e. Bomarc units and Nike-Hercules type weapons, and (c) against the sea threat, i.e., in anti-submarine devices at the U.S.-leased base in Argentia.

3. The proposals do not call for immediate decision. Indeed, they are of such importance militarily and politically that they will require the most serious consideration by Ministers. In putting forward the proposals, the United States authorities evidently emphasized that they are seeking first the concurrence of the Canadian Government on a political level to the principle of greater integration of atomic capabilities in the continental air defences. Only thereafter will explorations begin on details through military channels. After you have given consideration to the attachments, you may, therefore, think it desirable to have them examined as they stand by an inter-departmental group of officials representing both civil and military arms of the Government. It may be that you would wish at a later stage to have the political agreement in principle, between the two Governments, however it may be modified upon examination from the proposals set out in the attachments, recorded in some exchange of correspondence with the United States Government to serve as a base upon which the military discussions on detail may go forward. We would estimate as well that after agreement had been reached in military channels on specific projects, once again there would be a requirement to record these detailed agreements in inter-governmental exchanges.

Relationship to U.S. Proposals for NATO

4. Perhaps the most immediate importance of this approach is in terms of its possible effect on our attitude at the NATO Meetings of the next few days in Paris. Our understanding of the United States proposals for stock-piling in the NATO countries are that they will involve two distinguishable features, the first the stockpiling of atomic warheads in Europe for *tactical use* (Nike-and Corporal-type weapons) and the second, the stockpiling of atomic warheads in Europe for *strategic use* (i.e. for IRBMs). The United States proposals in the attachments have the same two features. Telegram 2630 deals primarily with atomic capability for weapons which will be used tactically in the defence of this continent; telegram 2631 contains the text of the United States proposal for the stock-piling of nuclear weapons (i.e., bombs) for use strategically by the Strategic Air Command (SAC).

5. It would seem, therefore, that our attitude toward the proposals put before NATO, which will be primarily for European decision, will have to be sufficiently flexible to leave the Canadian Government a free hand in making its eventual decision with respect to stock-piling of atomic weapons (or their use from Canadian territory) in the defence of the continent. At the moment it is perhaps sufficient to be aware that NATO agreement to accept the principle of atomic stock-piling would make a Canadian decision with respect to the United States proposals politically easier, while conversely, a NATO refusal to accept atomic stock-piling could make difficulties for the Government with respect to the United States proposals outlined in the attachments.

U.S. Proposals with Respect to Strategic Stock-Piling at Goose Bay

6. The proposal set out in the United States aide mémoire in telegram 2631 opens a new phase in our defence cooperation with the United States in that it involves the deployment of the strategic deterrent to Canadian soil. Taken together with the United States request for SAC refuelling facilities which has been before the Government for some time, this will involve decisions of the Government to move from cooperation with the United States in a strictly air defence role to cooperation involving the provision by Canada of facilities to enhance the striking power of SAC offensive forces. Here again, the United States seems to be seeking political clearance first from the Canadian Government, to be followed by implementation with procedures already established between our two Governments for the over-flight of Canada by SAC aircraft carrying nuclear material. You will note from paragraph 9 of telegram 2630 that the Ambassador was not given a substantive answer to the question he raised concerning the exact degree of Presidential control of the use of nuclear weapons by SAC. You will be aware from a recent telegram from London which was sent to you that the issue of control of SAC units based in the United Kingdom has been aired in the United Kingdom Parliament.

Control of Atomic Weapons

7. Inherent in the proposals both with respect to weapons for tactical use and weapons for strategic use is the problem of control by United States personnel, even if these weapons are based in Canada. Under present United States legislation (which the United States authorities indicated might be examined further in later discussions) the heart of the problem for the United States is to obtain agreed facilities for storage of nuclear weapons in other countries or for the use of nuclear weapons from the territory of other countries, with the United States retaining custody and control of the weapons. Here again, decisions taken in the NATO context will presumably have some effect on the ease or difficulty for the Canadian Government in dealing with the United States proposals.

8. As I have indicated above, I do not believe that immediate decisions on the United States proposals are required. I would recommend, if you agree, that these proposals be considered by some appropriate inter-departmental group, perhaps under the chairmanship of Mr. Bryce. I propose to send copies of this memorandum and its attachments to Mr. Smith and Mr. Pearkes for such value as it may have for them at the forthcoming meetings in Paris. I would not propose to circulate this material at this stage beyond the interested Ministers, the Secretary to the Cabinet and the Deputy Minister of National Defence.

J.W. HOLMES

29. DEA/50210-F-40

Note de la 1ère Direction de liaison avec la Défense
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Defence Liaison (1) Division
to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], December 18, 1957

U.S. PROPOSALS FOR CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN DEFENCE OF NORTH AMERICA — CHIEFS OF STAFF COMMITTEE MEETING DECEMBER 18, 1957

A very useful discussion at which this Department was represented took place in the Chiefs of Staff Committee on December 18 concerning the United States approach, reported in telegrams 2630 and 2631 of December 12 from Washington, for closer integration of atomic capabilities in the defence of North America. The Chiefs had been directed by the Minister of National Defence before he left for Paris to produce a paper on this subject "for Cabinet consideration" on Saturday, December 21. Since we are not certain to what extent the Minutes will reflect the discussion, we thought we should prepare our own on the meeting.

Committee Decisions. The Committee decided to make the military recommendations (a) that the deployment of nuclear weapons by the USAF to existing storage facilities at Goose Bay would enhance the strength of the free world's deterrent and, therefore, should be approved by the Canadian Government, and (b) it would be desirable to authorize the exploration in military channels of ways and means of bringing about a closer integration of atomic capabilities in continental air defence with respect specifically to the weapons dealt with in para. 2 of telegram 2630 of December 12. The Committee agreed as well to recommend to the Minister of National Defence that further inter-departmental consideration be given to these draft papers with the object of putting before Cabinet two papers agreed inter-departmentally. It was recognized that the substance of the NATO discussions on similar matters would have to be reflected in the final papers. The Committee is to meet again on Friday morning, December 20, to consider the draft papers which will be prepared by the Joint Staff.

Committee Discussion. In the course of the discussion the following points were raised, some of which may well be reflected in the military papers which are drafted and all of which we might expect would be dealt with in final Cabinet papers:

(a) We said that we thought this Department would wish to suggest to Ministers that the opportunity afforded by Canadian Government agreement to the U.S. proposals, if that agreement was given, be taken to remind the U.S. Government once again of the necessity of adequate consultation with Canada on situations which could lead to the possible use of the strategic air force.

(b) We said we thought the Government would wish to be in a position to assure the Canadian public (as in the case of the MB-1 Rocket Agreement) of the adequacy of safety precautions at Goose [Bay] in connection with the storage of nuclear components there. In discussion of this point, it was revealed that there were few, if any, Canadian experts who would be able to pass judgement on the adequacy or inadequacy of the safety precautions and that we might well have to be content with an assurance from the Americans that the normal precautions which they took in this respect in the United States were adequate. It was agreed, however, that whatever the practical situation might be in this respect, the Government would probably have to say something publicly about safety precautions.

(c) There was some brief discussion as to whether it would be necessary to down-grade the XYZ procedures which at present govern the over-flight by SAC aircraft of Canadian territory. It was agreed that this matter would have to be considered when a decision was taken as to what publicity the Government wished to give to any agreements it might make with the U.S. Government for the closer integration of atomic capabilities in the air defences of the continent.

(d) We raised the question of whether or not it would be desirable at some later stage to give an indication to our NATO allies of the nature and substance of our bilateral discussions with the United States on this general subject. Members of the Committee were reluctant to agree that bilateral discussions of this sort should be brought to the attention of the NATO Council.

(e) There was considerable discussion, based on our memorandum of December 13 to the Prime Minister, of the point made there that provision of facilities for SAC by the Canadian Government would involve a move from cooperation with the United States in a strictly air defence role to cooperation in an offensive role. It was recognized that decisions in this respect as well as decisions with respect to the problem of control of atomic weapons were matters which could be decided only by Ministers in the light of their appreciation of the domestic repercussions of one action or another. There was a realistic assessment of our lack of capability in the final analysis to keep complete control of U.S. activities insofar as the strategic air force was concerned. In the final analysis we would have to rely primarily on the good faith of the United States Government to consult us adequately in matters affecting the alerting of SAC.

J.J. McCARDLE

---

30. DEA/50210-F-40

Le secrétaire du Comité des chefs d'État-major
au sous-secrétaire d'État aux Affaires extérieures

Secretary, Chiefs of Staff Committee,
to Under-Secretary of State for External Affairs

TOP SECRET Ottawa, December 18, 1957

UNITED STATES PROPOSALS FOR CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN DEFENCE OF NORTH AMERICA

1. Attached for your consideration are copies of two papers:

(a) Military Discussion, and

(b) Storage of nuclear weapons at Goose Bay,

which have been produced for submission to Cabinet Defence Committee as directed by the Chiefs of Staff at the SPECIAL meeting held on Wednesday, 18 Dec. 57.

2. These papers will be discussed at the SPECIAL meeting of the Chiefs of Staff to be held at 10:00 Friday—20 Dec. 57, in the office of the Chief of the General Staff.

F.W.T. LUCAS
Captain, RCN

[PIÈCE JOINTE 1/ENCLOSURE 1]

Projet de note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Draft Memorandum from Minister of National Defence to Cabinet Defence Committee

TOP SECRET

[Ottawa], December 18, 1957

UNITED STATES PROPOSALS FOR CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN THE DEFENCE OF NORTH AMERICA — MILITARY DISCUSSIONS

1. The Canadian Ambassador in Washington has reported a United States approach through his office, the object of which eventually is a closer integration of Canada-United States atomic capabilities in continental defence. This approach was reported in telegram 2630, copy of which is attached.

2. The United States authorities have indicated that they would wish to conduct exploratory discussions on a service to service basis,[63] but before giving clearance to their own services to contact the appropriate Canadian service authorities, the United States Government has requested assurance that the opening of such exploratory discussions would be agreeable to the Canadian Government.

3. The topics proposed by the United States Government for service-to-service discussions are as follows:[64]

(a) the storage and use of nuclear weapons by Royal Canadian Air Force (interceptor forces;)[65]

(b) the storage and use in Canada of nuclear weapons by United States Air Force interceptor forces; [66]

(c) the storage and use of nuclear anti-submarine weapons by the Royal Canadian Navy and the Royal Canadian Air Force maritime forces; and

(d) the storage and use in Canada of nuclear anti-submarine weapons by United States Navy forces.

4. The Chiefs of Staff envisage future Canadian requirements for nuclear weapons in the defence of North America as follows:

(a) the eventual requirement for air-to-air missiles with atomic warheads by the Royal Canadian Air Force. No decision has yet been reached to adopt either the MB-1, which is used now by the United States Air Force, or any alternative defensive weapon;[67]

---

[63] Les mots suivants rédigés à la main ont été insérés à la place de « service to service basis » :/The following handwritten text was inserted in place of "service to service basis":
military level [auteur inconnu/author unknown]

[64] Les mots suivants rédigés à la main ont été insérés à la place de « are as follows » :/The following handwritten text was inserted in place of "are as follows":
include the following [auteur inconnu/author unknown]

[65] Les termes « interceptor forces » ont été biffés./The words "interceptor forces" were struck out.

[66] Note marginale :/Marginal note:
(requirements for Nike Hercules?) [J.J. McCardle]

[67] Note marginale :/Marginal note:
(Bomarcs. Nike Hercules.) [J.J. McCardle]

(b) the Royal Canadian Navy and the Royal Canadian Air Force maritime forces earmarked for the Supreme Allied Commander (Atlantic) will require nuclear depth bombs and torpedoes.

5. It is fully appreciated that some of the subjects which the United States services wish to discuss with the Canadian services are of political as well as military importance, and that the results of any such discussions will require the most serious consideration by Ministers. However, a great deal more information is required concerning the specific United States proposals[68] before the subjects mentioned would be suitable for further consideration at Cabinet.

6. Therefore, the Chiefs of Staff recommend, and I concur, that the United States Government be informed that the Canadian Government agrees to the holding of exploratory discussions between the Canadian and United States military authorities concerning the closer integration of atomic capabilities in the continental defence of North America.[69]

[GEORGE R. PEARKES]

[PIÈCE JOINTE 2/ENCLOSURE 2]

Projet de note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Draft Memorandum from Minister of National Defence to Cabinet Defence Committee

TOP SECRET [Ottawa], December 18, 1957

USA PROPOSALS FOR CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN THE DEFENCE OF NORTH AMERICA — STORAGE OF NUCLEAR WEAPONS AT GOOSE BAY

1. A request has been received from the United States regarding a proposal for the storage of nuclear weapons in existing storage facilities at Goose Bay airfield in order to improve the general operational effectiveness of the U.S. Strategic Air Command. The proposed deployment is intended to implement long range planning for the maintenance of operational effectiveness and readiness of the Strategic Air Command. (Reference Annex 1)

2. The Canadian Government in its support of the strategic concept of NATO has agreed to support the execution of the strategic air offensive operations of the U.S. Strategic Air Command, which is the main part of the deterrent. As the proposed deployment of nuclear weapons at Goose Bay is part of a long range plan to enhance the operational effectiveness of the deterrent this proposal is in line with Canada's defence policy and responsibilities under the Canada-U.S. regional area of NATO.

3. It will be noted that upon agreement of the Canadian Government for the proposed deployment programme, subsequent notification of all U.S.A. aircraft movements resulting from such deployment will be made in accordance with the agreed procedures now in

---

[68] Les mots suivants rédigés à la main ont été insérés à la place de « the specific United States proposals »:/The following handwritten text was inserted in place of "the specific United States proposals":

the US concept for closer integration of atomic capabilities in cont[inental] air defence [auteur inconnu/author unknown]

[69] Note marginale :/Marginal note:

Note [J.J. McCardle]

Consideration NATO [J.J. McCardle]

existence and which are considered satisfactory for such flights carrying nuclear components.[70]

4. In October 1951, a secret arrangement was made between Canada and the United States for the United States to construct storage facilities at Goose Bay designed to store nuclear weapons,[71] but on the understanding that there would be no storage of such weapons there without the express approval of the Canadian Government. If approval is now given as requested, it should be conditional upon safety precautions and security arrangements being made satisfactory to the Canadian Government.[72]

5. Discussions with appropriate Government departments concerned have revealed that no change in Canadian legislation will be required to allow for the import, export and storage of such weapons in Canada. Under the Atomic Energy Control Regulations the Board may issue a general order permitting dealings in nuclear weapons and[73] components as authorized from time to time by the Minister of National Defence and authorizing the Departments of Trade and Commerce and National Revenue to issue the required export and import permits therefor.

6. *Recommendation*—In the light of the foregoing the Chiefs of Staff recommend, and I concur, that as the storage of nuclear weapons of the Strategic Air Command at Goose Bay will enhance the effectiveness of the deterrent, the Canadian Government agree to the United States proposal as set out in the text of the Aide Mémoire at Annex 1[74] subject to the existing regulations governing the notification of U.S.A. aircraft movements carrying nuclear components[75] and that appropriate[76] safeguards surrounding the storage of such weapons are taken.[77]

[GEORGE R. PEARKES]

---

[70] Note marginale :/Marginal note:
Explain control [J.J. McCardle]

[71] La première partie de cette phrase (de « In October 1951 » à « store nuclear weapons ») a été biffée par un fonctionnaire du MAE inconnu./The first portion of this sentence (from "In October 1951" to "store nuclear weapons") was struck out by an unknown DEA official.

[72] Les mots suivants rédigés à la main ont été insérés à la place de « Canadian Government » :/The following handwritten text was inserted in place of "Canadian Government":
Minister of National Defence [auteur inconnu/author unknown]

[73] Note marginale :/Marginal note:
nuclear [auteur inconnu/author unknown]

[74] Voir/See Document 27.

[75] Note marginale :/Marginal note:
by note [J.J. McCardle]

[76] Les mots suivants rédigés à la main ont été insérés à la place de « appropriate » :/The following handwritten text was inserted in place of "appropriate":
satisfactory [auteur inconnu/author unknown]

[77] Note marginale :/Marginal note:
-Goose Bay Lease [J.J. McCardle]
- control of use. [J.J. McCardle]

Une note illisible inscrite dans la marge se trouve également au bas de ce document.
An illegible marginal notation is also present at the bottom of this document.

31. DEA/50210-F-40

Note de la 1ère Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Defence Liaison (1) Division to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], December 20, 1957

U.S. PROPOSALS FOR CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN THE DEFENCE OF NORTH AMERICA — CHIEFS OF STAFF COMMITTEE MEETING DECEMBER 20, 1957

We attended on December 20 a second special meeting of the Chiefs of Staff Committee to consider the above subject. The Committee had before it two draft papers which had been prepared by the military for submission to the Minister of National Defence in accordance with the directions which he gave prior to his departure for Paris.

2. The Committee accepted the comments which I had made on the Minutes of the December 18 meeting (my letter of December 19 to the Secretary†) with one exception. That had to do with inclusion in the Minutes of any reference to the XYZ procedures. The Committee agreed, however, with the point of view which I put forward in my letter of December 19 on this point.

Committee Decisions. A number of important drafting changes were made in the two papers which were before the Committee. It was decided, however, that the papers should not attempt to include other than Service opinion. The Committee recognized the desirability of further inter-departmental consideration of the papers before they were submitted to Ministers and agreed to recommend strongly to the Minister of National Defence that the papers submitted by the military not be regarded as final until there had been an opportunity for inter-departmental consideration.

Committee Discussion. Aside from the drafting changes suggested, a number of other points were made in the course of the discussion, some of which are included below:

(a) The Deputy Minister of National Defence posed the question as to why the U.S. request for storage of nuclear weapons at Goose Bay had come at this particular time, and suggested that the Chiefs should be prepared to answer questions along these lines which might be put by Ministers.

(b) We raised again, as we had at the first meeting, the desirability of including references to consultation, relationship with NATO, and the exchange of inter-governmental correspondence on the subjects.

(c) It became evident that while the Services could not foresee an immediate Canadian requirement for Bomarc and Nike-Hercules type weapons they were interested in hearing U.S. proposals on the subject. The individual members of the Committee skirted gingerly around the issue of which service would control these ground-to-air missiles, whose main role, if adopted in Canada, would be in the realm of air defence.

(d) We said that we thought Ministers should be reminded in the paper concerning the storage of weapons at Goose Bay of the relevant paragraph of Mr. Bulganin's note to the Prime Minister.[78]

(e) It was generally agreed that there were a number of political judgements to be made with respect to control of the weapons, the more intimate associate which Canada would have with the strike force if these U.S. proposals were accepted, and, generally, the difficulty of making a suitable public explanation of developments in which a high degree of military security was involved.[79]

---

[78] Voir/See Document 508.

J.J. MCCARDLE

---

32. DEA/50045-40

Note du secrétaire du Comité des chefs d'état-major pour le sous-secrétaire d'État aux Affaires extérieures[80]

Memorandum from Secretary, Chiefs of Staff Committee, to Under-Secretary of State for External Affairs[80]

TOP SECRET Ottawa, January 3, 1958

UNITED STATES PROPOSALS FOR CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN THE DEFENCE OF NORTH AMERICA

(a) Military Discussions

(b) Storage of Nuclear Weapons at Goose Bay

1. The attached document concerning the above subject is forwarded for your considerations:

Memorandum to Cabinet dated 3 Jan 58

2. This matter will be discussed at the 615th meeting of the Chiefs of Staff Committee to be held on 8 Jan 58 at 0930. (Item II of agenda).

F.W.T. LUCAS
Captain, RCN

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

DOCUMENT CSC: 1888.1 TD: 15A [Ottawa], January 3, 1958

TOP SECRET

UNITED STATES PROPOSALS FOR CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN THE DEFENCE OF NORTH AMERICA

1. The Canadian Ambassador in Washington has reported a United States approach through his office, the object of which eventually is a closer integration of Canada-United

---

[79] Note marginale :/Marginal note:
How would the "double veto" theory developed at the NATO meeting apply? J. L[éger]

[80] Notes marginales :/Marginal notes:
We would expect progress reports & some time to consider political implications before being ready to discuss in Cabinet
What sort of time table is contemplated
Status of earlier papers [Jules Léger]

States atomic capabilities in continental defence. This approach was reported in telegrams 2630 and 2631, copies of which are attached.

2. The United States authorities have indicated that they would wish to conduct exploratory discussions on a military level, but before giving clearance to their own services to contact the appropriate Canadian service authorities, the United States Government has requested assurance that the opening of such exploratory discussions would be agreeable to the Canadian Government.

3. The topics proposed by the United States Government for military discussions include the following:

(a) the possibility of the storage and use of nuclear weapons by the Royal Canadian Air Force;

(b) the storage and use in Canada of nuclear weapons by United States Air Force interceptor forces;

(c) the possibility of the storage and use of nuclear anti-submarine weapons by the Royal Canadian Navy and the Royal Canadian Air Force maritime forces; and

(d) the storage and use in Canada of nuclear anti-submarine weapons by United States Navy forces.

4. The Chiefs of Staff envisage future Canadian requirements for nuclear weapons in the defence of North America as follows:

(a) air defence missiles for use by the Royal Canadian Air Force;

(b) anti-submarine weapons for use by the Royal Canadian Navy and the Royal Canadian Air Force.

5. In addition to the above and in order to improve the general operational effectiveness of the U.S.A. Strategic Air Command, the United States Government desires to deploy nuclear weapons to existing storage facilities at Goose Bay. This proposed deployment is intended to implement long range planning for the maintenance of the operational effectiveness and readiness of the Strategic Air Command.

6. It is appreciated that some of the subjects which the United States services wish to discuss with the Canadian services are of political as well as military importance and that the results of any such discussions will require consideration by Ministers. However, a great deal more information is required concerning the United States proposals for closer integration of atomic capabilities in the defence of North America and the proposals concerning the deployment of nuclear weapons to existing storage facilities at Goose Bay, before recommendations can usefully be made to the Cabinet.

7. Therefore, the Chiefs of Staff recommend, and I concur, that the United States Government be informed that the Canadian Government agrees to the holding of exploratory discussions between the Canadian and United States military authorities, without prejudice to any future decision of the Canadian Government,

(a) concerning the closer integration of atomic capabilities in the continental defence of North America, and

(b) on the deployment of nuclear weapons to the existing storage facilities at Goose Bay.

[GEORGE R. PEARKES]

33. DEA/50045-A-40

Procès-verbal de la réunion du Comité des chefs d'état-major

Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET. CANADIAN EYES ONLY. [Ottawa], January 8, 1958

Present

Chairman, Chiefs of Staff (General Foulkes)
Chief of the General Staff (Lieutenant-General Graham)
Chief of the Naval Staff (Vice Admiral DeWolf)
Chief of the Air Staff (Air Marshal Campbell)
Chairman Defence Research Board (Mr. Zimmerman)

Also Present

F.R. Miller, Esq., Deputy Minister National Defence.
R.B. Bryce, Esq., Secretary to the Cabinet.
J. Léger, Esq., Under-Secretary of State for External Affairs.
(for discussion of Item III):
  Commodore Raymond, Representing Chairman, Joint Planning Committee.
  G.G. Crean, Esq., Chairman, Joint Intelligence Committee.
  I. Bowen, Esq., Director Joint Intelligence Bureau.
  Group Captain Ingalls, Director of Air Intelligence.
  Dr. Arnell, Director of Scientific Intelligence.
Brigadier Rothschild, Coordinator Joint Staff.
Secretary, Chiefs of Staff (Captain Lucas).

I. MINUTES OF 614TH MEETING

1. The minutes of the 614th meeting were approved.

II. US PROPOSALS FOR CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN THE DEFENCE OF NORTH AMERICA (TOP SECRET)

2. *The Committee* had for consideration a proposed Memorandum to Cabinet concerning US proposals for closer integration of atomic capabilities in the defence of North America.

(CSC: 1888.1 TD: 15A of 3 Jan 58)

3. *General Foulkes* reviewed the background of this proposed Memorandum and informed the Committee that it was a combination of the two memoranda prepared by the Chiefs of Staff at the SPECIAL meetings held on 18 and 20 December 1957.

4. *The Chairman, Chiefs of Staff* considered that there was no immediate urgency in replying to the US proposals and that a great many questions in connection with these proposals needed to be discussed and agreed to in Canada before useful discussions could be commenced with US authorities.

5. Regarding the specific request by the US to store nuclear weapons at Goose Bay, *the Chairman* considered that before any recommendations were placed before the Government it would be highly desirable to ascertain from the USAF its plans for supporting the Strategic Air Force from bases in Canada. He suggested that unless this were done we might find the request regarding Goose Bay to be only one of a number of similar requests of which we were unaware.

6. *Mr. Léger* replied that his Department had no evidence that the U.S. did not regard these proposals as urgent: the Department of National Defence would therefore have to assume the responsibility of a decision that would delay a reply to Washington. Mr. Léger also made the point that the United States request at the present time was to obtain

Canadian Government approval of the proposal for closer integration of atomic capabilities in the defence of North America. If the Committee agreed to the recommendations merely to obtain approval that military discussions be continued, then the question put by the U.S. Government remained unanswered. He also questioned whether it was necessary to go to Cabinet for approval to carry out the military discussions.

7. *The Chairman* considered that it would be desirable to get Cabinet approval to proceed with the military discussions in order that the members of the Government would have some knowledge of the subjects which it was proposed to discuss with the U.S. Therefore, whether or not Cabinet approval was necessary, it would be desirable for the Minister of National Defence to report to Cabinet on the subjects to be discussed.

8. *The Committee Agreed*:

(a) to obtain Ministerial approval for military discussions concerning closer integration of atomic capabilities with US authorities; and

(b) to arrange for the Chiefs of Staff to be briefed by the US authorities regarding overall plans for the support of strategic air activities from bases in Canada.

(Revised by corrigendum dated 21 Jan 58)

---

34. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], January 10, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice
and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Leader of the Government in the Senate (Senator Haig).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

PRELIMINARY MILITARY DISCUSSIONS OF UNITED STATES PROPOSALS FOR STOCKPILING ATOMIC WEAPONS

17. *The Minister of National Defence* said that the United States authorities had asked for exploratory discussions at the military level on the stockpiling in Canada of atomic weapons to be used by Canadian and U.S. forces. Such talks would in no way whatsoever bind the government when it came to making future decisions of substance on these matters.

18. *The Cabinet* noted the report of the Minister of National Defence and agreed that exploratory discussions be held by Canadian military officers with United States military authorities about the U.S. proposal for stockpiling of atomic weapons in Canada.

. . .

---

35. DEA/50210-F-40

Note du chef de la 1^{re} Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Defence Liaison (1) Division, to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], January 18, 1958

MEETING OF CHIEFS OF STAFF COMMITTEE, JANUARY 20 — INTEGRATION OF ATOMIC CAPABILITIES IN THE DEFENCE OF NORTH AMERICA

Cabinet accepted the recommendations of the Minister of National Defence that there might be exploratory discussions between the Canadian and United States military authorities concerning the closer integration of atomic capabilities in the defence of North America and the deployment of nuclear weapons to Goose Bay. These discussions are to be without prejudice to future decisions of the Canadian Government with respect to the United States proposals in these two fields made on December 12. The main paper for consideration at the Chiefs meeting on January 20 is likely to be the attached paper dated January 13 prepared by General Foulkes.

Procedural Comment

2. I understand that you plan to say something at the meeting on the procedural aspects of Chiefs of Staff meetings generally and that your concern is (a) that papers of direct interest to the Department of External Affairs which are to be considered by the Chiefs of Staff Committee should be made available to the Department at least five working days before the Committee is convened; (b) that there should be some clear statement of the degree to which External Affairs participates in the decisions taken at Chiefs meetings; and (c) that the Minutes reflect more accurately the discussion at the meetings.

Substantive Points

3. General Foulkes' paper attached suggests (a) that an arrangement should be made for a visit from a United States team who could brief the Canadian Chiefs of Staff on SAC plans insofar as they affect Canada, and (b) that the Chief of the Naval Staff and the Chief of the Air Staff should come to the meeting with proposals affecting their particular services insofar as requirements for nuclear weapons are concerned.

4. There is attached a copy of a letter to Mr. Pearkes† which has been prepared for signature by the Minister. You may wish to use it as the basis for some of your comment.

The main points made in it are (a) that no Canadian Government decision has been taken as yet on the United States proposals and officials are therefore not in a position to give the United States authorities "the views and comments of the Canadian Government" which were sought by the United States authorities in their approach to the Canadian Ambassador in Washington on December 12; (b) that at every stage these important proposals of the United States should be examined with both military and political considerations in mind; it is suggested, therefore, that at any briefings conducted by the United States authorities, you and Mr. Bryce or your representatives should be present; and (c) that the Ambassador will be instructed to give an interim answer to the State Department in the near future reflecting the inability of the Canadian Government at this time to offer comment, and clearing the way for further exploratory discussions on the United States proposals in both civilian and military channels.

5. While it may not be appropriate at this stage to enter into further details of the political considerations involved, it may be useful for you to have the following summary of points which we have already made at the Chiefs of Staff Committee meetings at which this subject was considered:

(a) the problem of control of the weapons and their use from Canadian territory by SAC;

(b) the relationship, if any, of our bilateral arrangements with the United States in this field to our NATO commitments, and the question of whether or not at some stage our NATO allies should be informed of the nature and substance of our bilateral discussions;

(c) the desirability once again of emphasizing the increased need for political consultation between our two Governments arising out of our added involvement in the offensive striking power of SAC;

(d) the relevance, if any, of our decisions to Soviet charges (i.e., the Bulganin note to the Prime Minister) of our dangerous subservience to the United States;

(e) an appreciation of the domestic political repercussions of storage of nuclear weapons on Canadian territory, which presumably would be a short time requirement in view of the fact that SAC will be a wasting asset with the introduction of missiles; is whatever political risk there is worth taking for an essentially short-term requirement; and

(f) recognition that our agreement to the storage of nuclear weapons at Goose Bay opens a new phase in our defence cooperation with the United States in that it involves the deployment of the strategic deterrent to Canadian soil; this, together with the SAC refuelling facilities project involves a Canadian move from cooperation with the United States in a strictly air defence role to cooperation involving the provision by Canada of facilities to enhance the striking power of SAC offensive forces.

PAUL TREMBLAY

P.S. You may wish to scout the possibility of some use being made of the Canada-U.S. Military Study Group (on which this Department has low level observer status) for continuing discussions with the United States on the various aspects of this problem.

[PIÈCE JOINTE/ENCLOSURE]

Le président du Comité des chefs d'état-major au sous-secrétaire d'État aux Affaires extérieures

Chairman, Chiefs of Staff Committee, to Under-Secretary of State for External Affairs

TOP SECRET

Ottawa, January 13, 1958

UNITED STATES PROPOSALS FOR CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN THE DEFENCE OF NORTH AMERICA

1. I have been informed that the Cabinet have approved the submission of 3 January which recommended that the United States Government be informed that the Canadian Government agrees to holding exploratory discussions between the Canadian and U.S. military authorities without prejudice to any future decisions of the Canadian Government:

(1) concerning the closer integration of atomic capabilities in the continental defence of North America; and

(2) on the deployment of nuclear weapons to the existing storage facilities at Goose Bay.

2. This decision requires early consideration of the ways and means in which these exploratory discussions will be carried out. I would suggest that the following points should be considered.

(1) Action should be taken by the Chief of the Air Staff at an early date to advise the Chief of Staff of the United States Air Force that the Canadian Chiefs of Staff would appreciate a visit from a United States team who would be prepared to brief the Canadian Chiefs of Staff on SAC plans insofar as they affect Canada, particularly in regard to Goose Bay. It should be borne in mind that any substantial increase in personnel or the addition of any new formations would require government approval.

(2) In regard to the closer integration of atomic capabilities in the continental defence of North America, the following points should be considered:

(a) The Chief of the Naval Staff[81] should be prepared to discuss with the Chiefs of Staff proposals for the requirements of nuclear anti-submarine devices for use by the RCN and the implications of storage for both Canadian and United States use at locations in Canada on both coasts;

(b) The Chief of the Air Staff should be prepared to bring forward proposals for consideration of the Chiefs of Staff concerning:

(i) storage of MB1 rockets in Canada for United States use;

(ii) the possible use and storage of MB1 rockets for Canadian use; and

(iii) the storage of Bomarc warheads if and when a decision is taken that Bomarcs will be sited in the North Bay area.

3. It is suggested that preliminary consideration should be given to the points mentioned above so that decisions can be taken at an early meeting of the Chiefs of Staff regarding the procedures to be followed in implementing the decision taken by the Government in regard to these matters.

CHARLES FOULKES

---

[81] Note marginale :/Marginal note:
& Chief of the Air Staff [Jules Léger]

36. DEA/50045-A-40

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major

Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET. CANADIAN EYES ONLY. [Ottawa], January 20, 1958

Present

Chairman Chiefs of Staff (General Foulkes)
Chief of the General Staff (Lieutenant General Graham)
Chief of the Naval Staff (Vice Admiral DeWolf)
Chief of the Air Staff (Air Marshal Campbell)
Chairman Defence Research Board (Mr. Zimmerman)

Also Present

F.R. Miller, Esq., Deputy Minister National Defence.
R.B. Bryce, Esq., Secretary to the Cabinet.
J. Léger, Esq., Under-Secretary of State for External Affairs.
(for discussion of Items III and IV)
Group Captain Ingalls, Director Air Intelligence.
G.G. Crean, Esq., Chairman, Joint Intelligence Committee.
I. Bowen, Esq., Director Joint Intelligence Bureau.
Dr. Arnell, Director Scientific Intelligence.
Secretary, Chiefs of Staff (Captain Lucas)

. . .

II. US PROPOSALS FOR CLOSER INTEGRATION OF ATOMIC CAPABILITIES IN THE DEFENCE OF NORTH AMERICA (TOP SECRET)

3. *General Foulkes* referred to his letter dated 13 Jan 58 regarding early consideration of the ways and means in which exploratory discussions between the Canadian and US military authorities might be carried out without prejudice to any further discussions by the Canadian Government.

4. Referring to para 2(2)(a) on page 2, he suggested that this para. should be amended to read "the Chief of the Naval Staff and the Chief of the Air Staff" instead of the Chief of the Naval Staff as now written. In this respect he suggested that the Chief of the Naval Staff and the Chief of the Air Staff should first determine the Canadian requirements for the use and storage of nuclear anti-submarine devices and should then discuss with the appropriate American authorities the possible requirements for the storage of American weapons in Canada and what opportunities there might be for joint storage. At the conclusions of the discussions with the American military authorities, the Chief of the Naval Staff and the Chief of the Air Staff should report back to the Chiefs of Staff Committee the result of their talks.

5. With reference to para. 2(2)(b), *the Chairman* suggested that *the Chief of the Air Staff* should advise the Committee at the earliest opportunity whether or not it is intended to use the MB-1 rocket in the RCAF and if so, what our storage requirements would be. Discussions should be held with US authorities to determine US requirements for storage of MB-1 rockets at Goose Bay and Harmon Field. The Committee would also want a review of the factors relevant to the siting of Bomarc squadrons in the North Bay sector as against their siting in the U.S.

6. Referring to para. 2(i), *the Chief of the Air Staff* informed the Committee that arrangements were in hand for a team from Strategic Air Command to brief the Committee on

Strategic Air Command plans insofar as they affect Canada, during the last week of January or the first week in February.

7. *The Under-Secretary of State for External Affairs* suggested and *the Committee agreed* that any papers concerning the use or storage of atomic weapons in Canada, both by Canadian and American forces, must include a statement that Canadian authorities were satisfied with the safety precautions.

8. *The Chairman Chiefs of Staff* considered that after the CNS and the CAS had completed their discussions with US authorities, *the Committee* would have to further investigate the question of controls, particularly with reference to the use of anti-submarine weapons in Canadian waters.

9. *Air Marshal Campbell* questioned the legal implications of the importation of nuclear weapons into the leased bases.

10. *The Chairman* stated that he had examined the leases and there were no clauses which would prohibit this being done but that he had no knowledge of any such action having been taken.

11. *Mr. Léger* referred to a letter from the Secretary of State for External Affairs to the Minister of National Defence in which the Secretary of State had suggested that our reply to the U.S. authorities concerning their request of the 12th of December should point out that the Canadian Government was not yet in a position to give firm answers to the questions they had posed and that any discussions regarding those questions should take into consideration both the political and military implications. The Canadian Ambassador in Washington should now forward an interim reply to the U.S. Government along these lines. Mr. Léger said that in any agreement with the U.S. authorities the problem of control of the weapons should be examined. In order that the discussions should proceed satisfactorily it was essential that there be complete coordination of ideas between the Chairman, Canadian Joint Staff, Washington, and the Canadian Ambassador in Washington.

12. *It was agreed* that *the Chief of the Naval Staff* and *the Chief of the Air Staff* would initiate discussions with U.S. authorities concerning the use and storage of anti-submarine nuclear weapons in Canada and that the Chief of the Air Staff would discuss with the USAF their storage requirements for MB-1 rockets at Goose Bay and Harmon Field.

. . .

37. DEA/50030-K-40

Extrait du procès-verbal de la réunion du Comité sur les aspects économiques des questions de la défense

Extract from Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], January 31, 1958

Present:

Mr. R.B. Bryce, Secretary to the Cabinet, (Chairman).
Mr. F.R. Miller, Deputy Minister of National Defence.
Mr. Jules Léger, Under-Secretary of State for External Affairs.
General Charles Foulkes, Chairman, Chiefs of Staff.
Dr. A.H. Zimmerman, Chairman, Defence Research Board.
Mr. A.F.W. Plumptre, Assistant Deputy Minister of Finance.
Mr. G.W. Hunter, Assistant Deputy Minister of Defence Production.
Mr. W.R. Martin, Privy Council Office, (Secretary).
Mr. D.B. Dewar, Privy Council Office, (Assistant Secretary).

Also Present:

Mr. N.A. Robertson, Ambassador of Canada to the United States.
Mr. F.A. Milligan, Department of Defence Production.
Mr. P. Tremblay, Mr. F.G. Hooton, Mr. D.B. Wilson, Department of External Affairs.
Mr. R.G. MacNeill, Mr. C.L. Read, Mr. E. Gallant, Department of Finance.

I. POSSIBLE PURCHASE BY THE UNITED STATES OF CF-105 AIRCRAFT

1. *The Chairman* welcomed Mr. Robertson to the meeting and asked if he would care to comment on the discussions which had been held in Washington regarding the possibility of the United States purchasing some CF-105 aircraft.

2. *Mr. Robertson* said that the Canadian Embassy had taken up with United States authorities, about six weeks ago, the possibility of the purchase by the United States of Argus and CF-105 aircraft. It had seemed at the time that the United States might be more interested in Argus aircraft but the sale of this type now appeared quite unlikely. The United States Air Force had indicated that they were not prepared to order CF-105s for their own use as interceptors; the USAF appeared to have decided to go ahead with the development of the F-108. They had said, however, that they were anxious to see the CF-105 used in continental air defence in the north in future years and were interested in seeking ways of helping Canada financially to introduce CF-105s into RCAF service. One way of doing this might be for the United States to purchase CF-105s and then return them to the RCAF for Canadian use. A factor in the U.S. unwillingness to buy CF-105s for their own use was the proposed reduction there in manned interceptor squadrons and the stretching out of contracts as the U.S. tried to answer their own policy questions.

3. *General Foulkes* said that according to current estimates the CF-105 could not be in squadron use until 1962 and that the Air Defence Command could not be completely equipped with them until 1965. A decision on whether to proceed with production of the CF-105 would have to be taken in the near future. Canadian-U.S. intelligence estimates of the size and duration of the manned bomber threat were not completely in accord, and attempts would be made in the near future to come closer to agreement on this point. We would be more likely to obtain a considered opinion from the United States on the usefulness of the CF-105s after the prototype had been flown, at which time we would discuss with United States authorities the desirability of proceeding with production of the

CF-105. Therefore we should perhaps not proceed with further discussions with the United States about this aircraft at the present time. As long as we were uncertain whether we would be undertaking production of the CF-105 in quantity, the question of what action should be taken on the re-armament of the Canadian Air Division in Europe would remain difficult to answer.

4. *Mr. Miller* commented that for reasons of geography and the shortness of the warning time, the CF-105 was not appropriate for the air defence of Western Europe. It seemed inevitable that air defence in Europe would be provided in the main by missiles.

. . .

38.

DEA/50309-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET

[Ottawa], February 6, 1958

CANADIAN DRAFT NOTE ON NORAD

There is attached at Appendix "A" for your consideration the first Canadian draft of a possible note to be exchanged with the United States on the establishment of the North American Air Defence Command (NORAD). The attachment is generally satisfactory to officials of the Department of National Defence and of this Department. It is being submitted this afternoon to Mr. Pearkes for consideration over the week-end. It has been suggested that you and he should discuss your reactions to it with each other and with the Prime Minister. It seems to officials that if there are major doubts in your minds about this first draft, it might be wise to attempt to arrange a meeting between the Prime Minister, the Minister of National Defence and yourself at which your senior officials might be present. It is Mr. Pearkes' hope that before he leaves Ottawa next Thursday it will be possible to have a draft which can be submitted for negotiation to the United States authorities. The process of negotiation with the United States may be lengthy.

2. Much of the discussion on NORAD in the House centred around two points, (a) the degree of civilian control to be exercised over CINCNORAD, and (b) the exact relationship between NORAD and NATO. Paragraph 6 of the attachment is the most relevant paragraph of the proposed note. It is to a degree weak on both the points mentioned above, but it is difficult to make any stronger statement of the case. We are inclined to think that false issues were raised on these points in the discussion in the House. CINCNORAD will be responsible to the highest military authorities on both sides of the border, who will not approve of anything for NORAD which is not acceptable to their Governments. On the purely bilateral aspect of NORAD, therefore, civilian control is certain. When one turns to the NATO aspect, it is true that NATO's civilian Council will not have any direct relationship with NORAD. NORAD's link with NATO will be a reporting link in essence. This link is not greatly different from the link of other subordinate NATO commands to the NATO Council. Nor does the NATO Council exercise any civilian control over NATO Commands except that which is provided by national governments through their representatives on the Council. We are inclined to believe that an attempt to make this paragraph more concise would tend to give ammunition to those who hold the view that the link between NORAD and the NATO Council is a very tenuous one.

3. There is attached as Appendix "B"† a paper outlining briefly the similarities and differences between NORAD and other NATO Commands. There is attached as Appendix "C"† a memorandum prepared by our Service authorities comparing the terms of reference for CINCNORAD, SACEUR and SACLANT. This documentation will set out as clearly as it is possible to do the similarities and differences of NORAD's relationship on the one hand to NATO and on the other hand of relationships of other major commands to NATO Council.

4. The possibility has been suggested by the Department of National Defence that we might propose that three Canadian Ministers and their United States counterparts might form the political committee of the Canada-United States Regional Planning Group in order to provide the maximum of political control of NORAD's activities. We do not think this is a feasible suggestion for it would amount to establishing a second NATO Ministerial Council to supervise the activities of a subordinate command. We do not think it is a valid concept in itself nor do we believe that it would be acceptable to our NATO allies in general or to the United States in particular. We have given preliminary thought to the role which might be played in this connection by bodies already in existence, such as the Permanent Joint Board on Defence. None of these, however, has the essentials of political control for they are bodies of officials. We are inclined to believe, therefore, that the Government should meet its critics, so far as this point is concerned, on the basis of a paragraph not too dissimilar from that which is in the attachment.

5. At this stage I wish to make only one further point of detail with respect to paragraph 10. The original Military Study Group Report contained the recommendation: "When considering the requirements for geographical boundaries, the international boundary shall be used whenever operationally and technically feasible." Our military authorities have urged omission of this thought and argue that the international boundary will not in all likelihood prove to be a satisfactory operational boundary for sub-areas of the continental defences. We thought we should draw this omission to your attention, however, because members of the former government may well remember that this important principle was included in the Military Study Group's Report.

6. A good deal of discussion and compromise has gone into preparation of the attachment. You may, therefore, wish to discuss it at some length with us before taking it up with your colleagues.[82]

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Appendice A

Appendix A

SECRET [Ottawa], February, 1958

FIRST CANADIAN DRAFT OF POSSIBLE CANADA-UNITED STATES EXCHANGE OF NOTES ON THE ESTABLISHMENT OF THE NORTH AMERICAN AIR DEFENCE COMMAND

I have the honour to refer to discussions which have taken place between Canadian and United States authorities concerning the necessity for integration of operational control of

---

[82] Note marginale :/Marginal note:
Committee of 6—3 Ministers—3 Sec[retaries]
P[rime] M[inister] away—Military Committee & then Cabinet [Sidney Smith]

Canadian and United States air defences and, in particular to the study and recommendations of the Canada-United States Military Study Group. These studies led to the joint announcement on August 1, 1957, by the Minister of National Defence of Canada and the Secretary of Defense of the United States indicating that our two governments had agreed to the setting up of a system of integrated operational control for the air defences in the continental United States, Canada and Alaska under an integrated command responsible to the Chiefs of Staff of both countries. Pursuant to the announcement of August 1, 1957, an integrated headquarters known as the North American Air Defence Command (NORAD) has been established on an interim basis at Colorado Springs, Colorado.

2. For some years prior to the establishment of NORAD, it had been recognized that the air defence of Canada and the United States must be considered as a single problem. However, arrangements which existed between Canada and the United States provided only for the co-ordination of separate Canadian and United States air defence plans, but did not provide for the authorities control of all air defence weapons which must be employed against an attacker.

3. The advent of high yield nuclear weapons, the great improvements in the means of effecting their delivery, and the automaticity of the air defence control systems demand rapid decisions to keep pace with the speed and tempo of future air battles. To counter the threat and to achieve maximum effectiveness of the air defence system, defensive operations must commence as early as possible and enemy forces must be kept constantly engaged. Arrangements for the coordination of national plans requiring consultation between national commanders before implementation had become inadequate in the face of a possible sudden attack with little or no warning. It was essential, therefore, to have in existence in peacetime an organization, including the weapons, facilities and command structure, which could operate at the outset of hostilities in accordance with a single air defence plan approved in advance by national authorities.

4. Studies made by representatives of our two governments lead to the conclusion that the problem of the air defence of our two countries could best be met by delegating to an integrated headquarters the task of exercising operational control over all elements of the national forces made available for the air defence of the two countries. Furthermore, the principle of an integrated headquarters exercising operational control over assigned forces has been well established in various parts of the North Atlantic Treaty area. As the Canada-United States Region is an integral part of the NATO area, the establishment of the North American Air Defence Command will assist our two governments further to implement their commitment to meet the strategic objectives which the North Atlantic Treaty Organization has established for the Canada-United States Region.

5. In view of the considerations outlined above, and on the basis of the experience gained in the operation on an interim basis of the North American Air Defence Command, our two Governments agree that the following principles will govern the future organization and operations of the North American Air Defence Command.

6. The Commander-in-Chief NORAD (CINCNORAD) will be responsible to the Chiefs of Staff Committee of Canada and the Joint Chiefs of Staff of the United States, who in turn are responsible to their respective governments. He will operate within a concept of air defence approved by the appropriate authorities of our two governments who will bear in mind their commitments in the defence of the Canada-United States Region of the NATO area. The North Atlantic Treaty Organization Military Committee will continue to be kept informed through the Canada-United States Regional Planning Group of arrangements for the air defence of North America.

7. The North American Air Defence Command will include as component commands United States Air Force Air Defence Command; United States Army Air Defence Command; United States Naval Forces, Continental Air Defence Command; and the Air Defence Command of Canada.

8. CINCNORAD will exercise operational control over all air defence forces assigned, attached or otherwise made available to him by the military authorities of Canada and the United States. "Operational control" is defined as the power to direct, coordinate and control the operational activities of forces assigned, attached or otherwise made available. No permanent changes of station would be made without approval of the higher national authority concerned. Temporary reinforcement from one area to another, including the crossing of the international boundary, to meet operational requirements will be within the authority of commanders having operational control. The basic command organization for the air defence forces of the two countries, including administration, discipline, internal organization and unit training, shall be exercised by national commanders responsible to their national authorities.

9. The appointment of CINCNORAD and his deputy must be approved by the Canadian and United States Governments. They will not be from the same country, and CINCNORAD staff shall be an integrated joint staff composed of officers of both countries.

10. The organization for operational control shall be based on geographical sub-divisions of the area to be defended and operational control shall be exercised through commanders of such geographical areas. These commanders shall be selected according to the following principles:

(a) in those geographical areas lying wholly in one country and containing only forces of that country, commander and staff shall be from that country; and

(b) in those geographical areas which include the territory of both countries and/or the forces of both countries, the commander and his deputy shall not be from the same country. The staffs shall be joint staffs composed of officers of both countries.

11. The plans and procedures to be followed by NORAD in wartime shall be formulated and approved in peacetime by appropriate national authorities and shall be capable of rapid implementation in an emergency. Any plans or procedures recommended by NORAD which bear on the responsibilities of civilian departments or agencies of the two Governments shall be referred for decision by the appropriate military authorities to those agencies and departments and may be the subject of intergovernmental coordination.

12. Terms of reference for CINCNORAD and his Deputy will be consistent with the principles established in this Note. Changes in these terms of reference may be made by agreement between the Canadian Chiefs of Staff Committee and the United States Joint Chiefs of Staff, provided that these changes are in consonance with the principles set out in this note.

13. The question of the financing of expenditures connected with the operation of the integrated headquarters of the North American Air Defence Command will be settled by mutual agreement between appropriate agencies of the two governments.

14. The release to the public of information by CINCNORAD on matters of interest to Canada and the United States will in all cases be the subject of prior consultation and agreement between appropriate agencies of the two governments.

15. It is agreed that the North American Air Defence Command shall be maintained in operation for a period of ten years or such shorter period as shall be agreed by both countries in the light of their mutual defence interests and their commitments under the

terms of the North Atlantic Treaty. The terms of this agreement may be reviewed upon request of either country at any time.

16. The Agreement Between Parties to the North Atlantic Treaty Regarding the Status of Their Forces signed in London on June 19, 1951,[83] shall apply.

17. The establishment of integrated air defence arrangements of this nature increases the importance of the fullest possible consultation between our two governments on all matters affecting the joint defence of North America. Only if such consultation is regularly and consistently undertaken can defence cooperation between our two countries be worked out on a mutually satisfactory basis.

18. If the United States Government concurs in the points set out above, I propose that this Note and your reply should constitute an agreement between our two governments effective from the date of your reply.

---

39. DEA/50210-F-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

TOP SECRET [Ottawa], February 11, 1958

DEPLOYMENT OF NUCLEAR WEAPONS TO GOOSE BAY

There is attached for your information a draft Memorandum to Cabinet Defence Committee prepared by the Department of National Defence. It concerns the United States request of December 12 for permission to store nuclear weapons at existing storage facilities at Goose Bay. The paper is to be considered at the Chiefs of Staff Committee meeting on February 13.[84] This Department will be represented at that meeting.

2. We do not believe that the attached paper is adequate. It is a straightforward military recommendation but takes no account of political factors. On a number of occasions already this subject has been considered at meetings of the Chiefs of Staff Committee and we stressed some of the political factors which we thought should be taken into account by Ministers in reaching a decision on the United States request. Our comments are not reflected in the attachment.

3. Canadian agreement, if it is given to the storage of nuclear weapons at Goose Bay, opens a new phase in our defence cooperation with the United States in that it involves the deployment of the strategic deterrent to Canadian soil; this action, taken together with Canadian Government approval of the establishment of SAC refuelling facilities in Canada, involves a Canadian move from cooperation with the United States in a strictly air defence role to cooperation involving provision by Canada of facilities to enhance the striking power of SAC offensive forces.

---

[83] Voir volume 17, chapitre V, 6e Partie./See Volume 17, Chapter V, Part 6.

[84] Le Comité des chefs d'État-major n'a pas discuté du mémoire destiné au Comité du Cabinet de la défense, le 13 février. Le ministre de la Défense, George Pearkes, a approuvé le contenu du mémoire avant la réunion.

The memorandum for the Cabinet Defence Committee was not discussed by the Chiefs of Staff Committee on February 13. Defence Minister George Pearkes approved the memorandum's contents prior to this meeting.

4. Against this background, it seems to us that the matter of control of the weapons in storage and of their possible use from Canadian territory must be considered by Ministers. Present United States legislation requires United States custody of nuclear weapons wherever they may be. The same problem is inherent in the United States proposal for the stock-piling of nuclear weapons in other NATO countries. Any Canadian concessions which might be necessary with respect to control over these weapons might be more palatable if they could be explained in the light of similar concessions made by our NATO allies. The United Kingdom government has already had to face up to this problem when it became an issue last December in the United Kingdom parliament. There is a two-fold problem in the United Kingdom involving not only the storage of weapons but also the basing of SAC planes in the country. After some initial skirmishing in the House, Mr. Macmillan finally stated emphatically that SAC weapons would not be used except on instructions from both governments.[85] On January 4 Mr. Macmillan referred to the matter again in a broadcast to the nation.[86] There is attached an excerpt from his statement† which is immediately relevant.

5. When the United States request was made in December, General Loper, Chairman of the Military Committee to the Atomic Energy Commission said that the limitations of the present United States atomic energy legislation was a detailed matter which might be explored further. At that meeting our Ambassador in Washington pointed out that when the establishment of storage facilities at Goose Bay had come up in 1950,[87] we had been informed of the internal United States constitutional arrangements covering the reaching of a decision by the President to authorize the use of nuclear weapons. At that time our understanding was that the responsibility for a decision as to their use lay ultimately in the hands of the President. The Ambassador asked what the present situation was in this respect. General Loper said that under existing legislation and rules of procedure, the President had final authority and General Loper "assumed that the decision as to whom the President should consult would be his own." This did not constitute a very straightforward answer. This matter of internal United States procedure is, of course, technically a concern of the United States but we believe it is in fact of great concern as well to a country associated as closely as Canada is with United States defence. We would seem to have a reasonable case for raising with the State Department this matter of control so that the Government would be in the same position as the United Kingdom if the matter is raised at some stage in the House. This same problem will arise when the Government is asked to consider the second proposal made in December by the United States, for military discussions concerning the integration of atomic capabilities into the air defence system of Canada and the United States.

6. The storage facilities at Goose Bay which would be used are located within an area which was leased to the United States under an exchange of notes between the two governments on December 5, 1952.[88] The present leasing arrangements cover the period until

---

[85] Le 28 novembre 1957, Macmillan a affirmé : « it is absolutely clear that no bombers or American aircraft based in this country can be used without the joint decision of the two Governments. » Voir United Kingdom, *Parliamentary Debates*, Commons, 1957-58, Volume 579, col. 1276.

On November 28, 1957, Macmillan asserted that "it is absolutely clear that no bombers or American aircraft based in this country can be used without the joint decision of the two Governments." See United Kingdom, *Parliamentary Debates*, Commons, 1957-58, Volume 578, col. 1276.

[86] Pour des extraits de ce discours, voir *The Times*, January 6, 1958, p. 5
For excerpts from this speech, see *The Times*, January 6, 1958, p. 5.

[87] Voir volume 16, les documents 826 à 840./See Volume 16, Documents 826-840.

[88] Voir Canada, *Recueil des Traités*, 1952, N° 22./See Canada, *Treaty Series*, 1952, No. 22.

1972.[89] The main exchanges of notes were made public immediately. There were, however, additional classified letters exchanged on the same date, one of which provided that "the Canadian Government will expect to be consulted with regard to any proposal substantially to increase the numbers of United States personnel to be stationed at Goose Bay." In 1954 a request came from the USAF for permission to conduct tanker operations and occasional exercises at Goose Bay. Cabinet approval was given to this request in January of 1955[90] and was passed to the USAF through service channels. Something less, therefore, than a formal inter-governmental agreement exists covering SAC operations at Goose Bay. When dealing with this latest United States request for permission to store weapons at Goose Bay, it may be desirable to cover in a formal inter-governmental exchange all arrangements affecting SAC operations at Goose Bay.

7. We believe as well that this opportunity should not be lost to emphasize again to the United States authorities the increased obligation which would fall on them for political consultation with the Canadian Government on matters which might lead to the possible use of the Strategic Air Command. The facilities which exist for consultation are numerous, but they are susceptible to continuous improvement and require frequent review.

8. We are inclined to believe as well that we should indicate formally to the United States that the safety precautions which will be established at Goose Bay must be satisfactory to Canadian authorities. Arrangements were made when the MB-1 rocket agreement was under negotiation for a team of Canadian service representatives to assure themselves that adequate safety precautions existed. We see no reason why this same course of action should not be followed.

9. In summary, then, we believe that the attachment should be considerably expanded to include some or all of the points mentioned above. We are inclined to believe that when the recommendation does go to the Cabinet Defence Committee it should go in your name as well as in the name of the Minister of National Defence. I should be grateful if you could let me have your comments on the points made in this memorandum in time for my use of them at the Chiefs of Staff Committee meeting on Thursday, February 13.[91]

J. L[ÉGER]

---

[89] Note marginale :/Marginal note:

20 years [Sidney Smith]

[90] Voir/See Volume 21, Document 341.

[91] Notes marginales :/Marginal notes:

This is a very important decision politically as well as militarily; there is no particular urgency to it & I suggest that its consideration be postponed until the next regular meeting of the Cabinet Defence Committee. [Jules Léger]

Minister noted: "Stand over until after Easter" [J.J. McCardle]

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence to Cabinet Defence Committee

CDC DOCUMENT: 3-58 [Ottawa], February 10, 1958

TOP SECRET

THE DEPLOYMENT OF NUCLEAR WEAPONS TO THE EXISTING STORAGE FACILITIES AT GOOSE BAY

1. On 13 January 1958, the Cabinet approved the holding of discussions between Canadian and United States military authorities concerning the deployment of nuclear weapons to the existing storage facilities at Goose Bay. On 5 February 1958, the Chiefs of Staff met with the Commander-in-Chief, Strategic Air Command, to explore fully the implications of this proposal.

2. Strategic Air Command plans are based on the premise that the enemy holds the initiative. Therefore, the capability must exist, after absorbing the first attack, to retaliate in such strength that it would be unprofitable for the enemy to initiate nuclear war. To this end, its forces are widely dispersed in the United States with forward bases in the United Kingdom, Spain, North Africa, Alaska and the Pacific. Nuclear weapons are dispersed at these overseas bases so that aircraft may be rearmed for a second attack without making the long flight to their home bases.

3. Because of its favourable strategic location, Goose Bay would be a valuable alternate forward base for Strategic Air Command.

4. It is not intended to change the status of Goose Bay to become a permanent bomber base, or to launch initial strikes from this base. It will continue to be used, as in the past, for tanker squadron operations and for occasional exercises. The storage of nuclear weapons at Goose Bay may require a small additional increment to the permanent USAF establishment there to provide for care and maintenance of the weapons. Strategic Air Command does not intend to request similar facilities at any other base in Canada. No increase to the air defences of the area is anticipated.

5. The Chiefs of Staff conclude that the storage of nuclear weapons at Goose Bay would add to the flexibility, capability and effectiveness of the deterrent force of Strategic Air Command. Aid to the maintenance of the strongest possible deterrent is one of the responsibilities accepted by Canada as a member of the Canada/US Regional Group and is compatible with our responsibility in NATO. It was ascertained that the storage of nuclear weapons in Goose Bay does not create any additional risk.

6. No change in existing legislation is required to permit the import, export and storage of nuclear weapons and components in Canada.

Recommendation

7. The Chiefs of Staff recommend and I concur that the Canadian Government approve the requests by the United States for the deployment of nuclear weapons to the existing storage facilities at Goose Bay.

[G. PEARKES]

40. DEA/50309-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], February 21, 1958

NORAD — POLITICAL CONTROL

You asked us to look again at the question of political control in the NORAD context with a view to deciding whether some Ministerial committee might be given special responsibility for overseeing the activities of the Command, a committee which might at the same time provide another link between NORAD and the NATO Council.

2. There is attached for your consideration a paper† setting out a few preliminary ideas on the subject which have occurred to officials.

3. As the attachment indicates, a good deal of machinery exists to handle defence problems which arise between our two governments. So far as Canada is concerned, the Cabinet Defence Committee exists to give ministerial consideration and direction to the work of officials in these joint Canada-United States groups. Under ideal circumstances, therefore, any defence problem can be given adequate consideration by both officials and Ministers before Cabinet as a whole is called on to take decisions. So far as our policy requirements are concerned, it would seem that there is adequate existing machinery to ensure proper consideration of important defence problems of interest to the Canadian and United States Governments. This machinery could be used to give consideration to political problems arising from the activities of NORAD. Admittedly there is the problem of public presentation since the exact process through which political control will be exercised over NORAD (Chiefs of Staff Committee-Minister of National Defence-Cabinet Defence Committee-Cabinet) would not be spelled out in detail in the proposed exchange of notes. The point can, however, be made clear in Government statements (as it already has been made in House discussions) when the NORAD note is brought before Parliament. I am inclined to think, as I said in my memorandum of February 6, that some of the issues raised in the House concerning political control were false to a degree. It must be recognized that no matter what machinery exists, new or old, political control is ultimately exercised by Ministers in Cabinet.

4. The attachment gives some attention to the Joint Canada-United States Committee on Trade and Economic Affairs which was established in 1953[92] and which has some of the features which are of interest to you. A committee of this sort is not, as the attachment indicates, without disadvantages. One of the major defects in the operation of such a ministerial committee has been proven to be that connected with its public face. When Ministers meet, public expectations are usually created and, in particular, press comment is stimulated. The development of such public comment in some cases can make the operations of the Ministerial group more difficult. This being the case, it might be better to think of the analogy of the Meetings of Consultation which are mentioned in the attachment. It has been possible to avoid giving publicity to these Meetings. The success in this respect has been perhaps due in part to the very nature of the Meetings; they are not meetings of an organized body but rather *ad hoc* meetings where the representation varies

---

[92] Voir volume 19, les documents 838 à 848./See Volume 19, Documents 838-848.

from time to time. Perhaps meetings of Ministers might better be kept informal and an effort made to avoid as much publicity as possible. Obviously it is more difficult to keep Ministerial meetings from the public eye than is the case in meetings of officials.

5. We believe that your consideration of the possibility of a Ministerial Committee should not be limited to the NORAD context. The terms of reference of any ministerial group which might be created should, we believe, include all defence matters of common concern to Canada and the United States. The activities of NORAD will cover much of the field of interest in defence for Canada. There will, however, be other major defence problems. Such problems are taking shape already, e.g., defence construction in Canada; the future of the CF105; the storage of nuclear weapons on Canadian territory. If the idea of a Ministerial Defence Committee is to be explored further with the United States, I would recommend that attention be directed to a field broader than the activities of NORAD. If this recommendation commends itself to you, we would not necessarily have to include a reference to any new ministerial committee in the NORAD note. Rather, we could negotiate with the United States, at the same time as we were negotiating the NORAD note, an agreement on the establishment of a Ministerial Defence Committee and could make the two agreements public at the same time.

6. Our departmental ideas on this matter have not been put to you in the form of a recommendation for I believe that the matter should be given additional consideration by both Ministers and interested officials. We know that the Minister of National Defence is anxious to discuss the matter with you as soon as possible. We have not yet sought the views of Mr. Robertson in Washington. I would propose to send him a copy of this memorandum and its attachments. I thought, however, I should put before you our tentative ideas for your consideration and comment.

J. L[ÉGER]

---

41. PCO/D-28-3(f)

Le secrétaire d'État aux Affaires extérieures au ministre de la Défense nationale

Secretary of State for External Affairs to Minister of National Defence

SECRET Ottawa, February 22, 1958

My dear Colleague,

Further to the conversations which we have had concerning the desirability of new machinery which would make real and apparent the political control of the Government over the activities of NORAD, I attach for your consideration the memorandum which I have had prepared on this subject.

You will note that I have concluded that we should attempt to reach agreement with the United States Government on the establishment of a ministerial committee with scope to consider problems in the whole field of our defence relations with the United States. I have come to feel that a committee with a scope broader than that related to NORAD alone would be desirable.

I should be grateful if you could let me have any comments which occur to you on the attached memorandum. I would propose then to send the memorandum to the Prime

Minister for his views. I would think that at the same time we could forward to the Prime Minister the draft note on NORAD which has been drafted by our two Departments.

Insofar as that draft note is concerned, I think we have reached agreement on the deletion of paragraph 10 and for the inclusion in paragraph 11 of a sentence along the following lines: "When considering the extent of operational areas, the international boundary will be taken into account whenever operationally and technically feasible."

I will be out of town for some time beginning next week. If, however, the attached memorandum comments itself to you the Under-Secretary can put it before the Prime Minister in my absence.

Yours sincerely,
S. SMITH

[PIÈCE JOINTE/ENCLOSURE]

Projet de note du secrétaire d'État aux Affaires extérieures

Draft memorandum by Secretary of State for External Affairs

SECRET

[Ottawa], February 22, 1958

NORAD — POLITICAL CONTROL

It is reasonable to assume that the most likely attack against Canadian territory, if it is to come, will come by air. Our air defences, therefore, become the most important element of our security forces. These air defence forces are to be put under the operational control of CINCNORAD. NORAD and the activities of the Command, therefore, become the most important element of our security against direct attack, if the deterrent fails — and, of course, it has failed immediately an attack is launched.

2. The importance of NORAD, therefore, to Canada demands that political control of the Command's activities by the Canadian Government be real and apparent. Up to now it has been considered that the link should be through the Chiefs of Staff Committee to the Minister of National Defence and thence to Cabinet. It is perhaps worth considering whether additional Ministers might be given an active role in the exercise of the political control which the Government must exert in this field.

3. The other side of the problem is the relationship of our joint efforts to defend the continent to our efforts to achieve collective security in the larger group of NATO allies. The Canada-United States Region is a part of the NATO area and it is the Government's intention that NORAD should fit into the NATO military structure. The Canadian Government is committed to further the strategic objectives of NATO in the Canada-United States Region which, briefly, are the defence of the strategic deterrent based in the United States and the defence of the industrial capability of the two countries.

4. With this background in mind, it is perhaps not surprising that much of the discussion on NORAD in the House of Commons centred around two points, (a) the degree of civilian control to be exercised over CINCNORAD, and (b) the exact relationship between NORAD and NATO.

5. There are a number of Canada-United States groups, formal and informal, which have been established since 1939 to deal with Canada-United States defence problems. The three which seem to have roles relevant to the points made above are: (a) the informal Meetings of Consultation; (b) the Permanent Joint Board on Defence; and (c) the Canada-United States Regional Planning Group. These groups do not normally have ministerial

representation. I believe that there is need at this stage in our defence relationship with the United States for an additional committee of ministers whose terms of reference should give them scope to consider all defence matters of common concern to Canada and the United States. The activities of NORAD would cover much of the field of interest in defence for Canada. Other major defence problems, however, are taking shape already, for example, defence construction in Canada; the future of the CF-105; the storage of nuclear weapons on Canadian territory; anti-missile defence and in the more distant future perhaps the question of deployment of missiles to Canadian territory. It seems to me therefore that we should not miss the opportunity provided by our negotiations with the United States authorities or a note covering the establishment and activities of NORAD to put forward at the same time the idea of the establishment of a Ministerial Defence Committee. I would not believe that the scope of activity of the Ministerial Committee should be limited to the NORAD context.

6. I realize that a Ministerial Defence Committee may have some disadvantages. The constitutional division of powers in the United States prevents United States Ministers from assuring executive action in the fashion that Canadian Ministers can. Such a Committee can also serve as a focal point for American pressure as well as the reverse. Ministerial meetings tend to raise public expectations which are at times difficult to fulfill. I believe these disadvantages are outweighed by the need at this stage for a Ministerial Committee in the defence field. As I see it such a Committee would have the positive advantages of

(a) constituting a political body which could be kept informed in detail of Canada-United States defence problems including NORAD's plans and activities and which would, so far as the Canadian side at least was concerned, assist the Cabinet materially to deal with specific projects when they come up for decision;

(b) being a body some of whose members at least would also be represented at the NATO Ministerial Council, it could therefore assess NORAD's activities in terms consistent with our commitment to NATO.

7. The exact nature of the Ministerial Committee could perhaps at this stage be left flexible until we have had an opportunity to sound out the United States Government on the possibility of the establishment of a Committee. The terms of reference of the joint Canada-United States Committee on Trade and Economic Affairs are as you are aware most general; provision is made for the representation of any interested minister aside from those forming the Committee. It would seem to me to be sensible to have some ministers at least who attended the NATO Ministerial Meetings represented on this bilateral Ministerial Defence Committee. Since NORAD's plans and activities would be a major concern of the Ministerial Committee another link between NORAD and NATO would be established by reason of a common representation of Ministers on the Committee and on the NATO Ministerial Council.

8. I recognize that such a Ministerial Committee could not itself take executive action with respect to NORAD or with respect to other defence problems. No matter what machinery exists, new or old, political control in this field as in others must ultimately be exercised by Ministers in Cabinet. It seems to me, however, that with the growing complexity of the problems which the Government faces in our defence relationships with the United States there is a need for the kind of high level informal consultations that would be made possible through the existence of the proposed Committee. Ministers then who attended the Committee's meetings because of their association with the problem at an early stage would be in a better position to assist Cabinet to consider adequately the politi-

cal implications of decisions which the Government will be called on to take in the defence field.

9. I do not believe that we would have to include a reference to the proposed Ministerial Committee in the NORAD note; rather we could negotiate with the United States. At the same time, as we are negotiating the NORAD note, an agreement on the establishment of the Ministerial Defence Committee; our object, however, would be to make the two agreements public at the same time. If these ideas commend themselves to you, I would propose to send this memorandum with any comments which you may have on it to the Prime Minister for his consideration. When his comments are received we would then be in a position to start negotiations with the United States Government. I would hope that it would be possible to put both the NORAD draft note and our ideas on the Ministerial Committee to the United States Government at the same time and in the near future.

---

42. DEA/50309-40

Le ministre de la Défense nationale
au secrétaire d'État aux Affaires extérieures

Minister of National Defence
to Secretary of State for External Affairs

SECRET [Ottawa], February 25, 1958

My dear Colleague:

Thank you for your letter and memorandum concerning the establishment of a ministerial committee to consider problems in the whole field of our defence relations with the United States.

In principle, I agree with you that the formation of such a committee would be of benefit to us. Its main purpose should be, of course, to facilitate the solution of defence problems which cannot be resolved on the military level. I feel that the procedures whereby such a body meets, its composition and the way it conducts its business should be very flexible if we are to derive full benefit from it. An informal arrangement that such flexibility suggests would have a greater chance, in my opinion, of being acceptable to the United States than if we tried to set up a formal type of committee.

I have grave doubts as to the advisability of trying to reach agreement on setting up a ministerial committee and agreement on an exchange of notes on the establishment of NORAD at the same time. While negotiations on these two subjects may well proceed simultaneously with the United States officials, I feel we should not make one dependent on the other. In my view, it is important that we get on with the exchange of notes on the establishment of NORAD with the least possible delay. Although I agree that there might be some advantage to making the two agreements public at the same time, I still feel that the disadvantages of any undue delay in reaching agreement on the exchange of notes for the establishment of NORAD would far outweigh these advantages.

With regard to the wording of your memorandum on political control, I would prefer to see the opening sentences read as follows: "It is reasonable to assume that the most likely attack against Canadian territory, if it is to come, may well come by air. Our air defences therefore become one of the most important elements of our security forces."

Insofar as the draft note on the establishment of NORAD is concerned, I feel that we should make no reference to the international boundary. Any such reference as now appears in paragraph 10 of the note, in my view is in contradiction of the statement we make in paragraph 2 of the note where we say — "The air defence of Canada and the United States must be considered as a single problem." I feel that any reference to the international boundary would unnecessarily complicate the note and would not serve any useful purpose. Any restrictions the Government feels advisable to place on the extent of operational areas may be done by means of direction to the Chiefs of Staff.

I would also suggest that paragraph 4 of the draft note would read better and perhaps be more acceptable to the United States if the first phrase of the last sentence in the paragraph, i.e. "As the Canada-U.S. Region is an integral part of the NATO area," be deleted.

Subject to my comments as above, I agree that the draft note on the establishment of NORAD and the memorandum on political control should go forward to the Prime Minister as soon as possible so that we can get his agreement to use the note as a basis for negotiation with the United States officials. The terms of reference for Commander-in-Chief NORAD should also go to the Prime Minister at the same time. You will recall that these terms of reference have been approved by the United States Joint Chiefs of Staff and have also been approved, in principle, by our own Chiefs of Staff Committee.

Yours sincerely,
GEORGE R. PEARKES

---

43. PCO

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], February 26, 1958

NORAD — EXCHANGE OF NOTES WITH THE UNITED STATES GOVERNMENT

There is attached as Appendix "A" for your consideration a Canadian draft note on the establishment of the North American Air Defence Command (NORAD) which has been prepared by this Department and the Department of National Defence.

2. Paragraphs 4 and 10 of this attachment contain bracketed portions on which there is some difference of opinion between our two Departments. The Minister of National Defence believes that the bracketed section in para. 4 would be difficult for the United States to accept and for that reason believes it should be omitted. Our Department, bearing in mind the fact that a good deal of the discussion on NORAD in the House was concerned with the exact relationship between NORAD and NATO, believe it important that the note should reflect as much as possible the Canadian desire that NORAD's activities be considered a part of our general NATO effort. We realize that our view may not be shared by the United States Government, but we think United States authorities should be able to accept a factual statement such as that in the bracketed section of para. 4. We think it particularly important that the intergovernmental note should reflect our point of view on the NATO relationship, since NORAD's terms of reference will not contain any mention of NATO.

3. The Minister of National Defence would not wish to include the bracketed sentence in para. 10 because (a) it might lead to questions concerning the setting-up of sub-areas of the NORAD Command to which it would be difficult to give simple answers; (b) mention of the international boundary is at odds with the general concept of integration, which is the

main intent of the establishment of NORAD; and (c) it is unlikely that the international boundary will prove to be a satisfactory operational boundary for sub-areas of the continental defences. This Department is inclined to believe that the principle should be included in the note because: (a) we believe that a requirement should exist that the military authorities, when considering operational boundaries for sub-areas of the command, at least take the international boundary into account, even though they may be able to prove its use would be militarily unsound; it would seem to us that the inclusion or omission of the principle should be decided essentially on political rather than military grounds; and, (b) the principle was stated and elaborated upon in some detail in the Military Study Group's report and members of the former Government may well spot its omission from the inter-governmental note.

4. Having in mind that the other main aspect of NORAD on which discussion centered in the House of Commons was the matter of political control, Mr. Smith believes it desirable that some new machinery should be set up between the Canadian and United States Governments which would make real and apparent the political control of the Canadian Government over the activities of NORAD. There is attached as Appendix "B"† a memorandum on political control which Mr. Smith has had prepared.[93] He concludes in it that we should attempt to reach agreement with the United States Government on the establishment of a Ministerial Committee with scope to consider problems in the whole field of our defence relationships with the United States. Included within its scope of activity would be problems relating to NORAD. The Minister of National Defence agrees with this memorandum, although he would not wish negotiations concerning the establishment of a Ministerial Committee to delay unduly completion of the exchange of notes on NORAD. It would seem to us to be a matter of considerable importance that the negotiations on the notes and on the establishment of a Ministerial Committee should go forward concurrently. There are two reasons for this view:

(a) If the exchange of notes on NORAD is completed before agreement is reached on a Joint Defence Committee, the United States authorities may find it possible to avoid the creation of such a Committee, which I suspect they might consider vexing and unnecessary;

(b) Even if they were to agree ultimately to the creation of such a Committee, it would lose a good deal of the political advantage which our Minister apparently hopes to gain from it if an announcement about its establishment could be made only several months after an announcement about the exchange of notes on NORAD.

5. There is attached as Appendix "C" the draft terms of reference for NORAD† which have been approved by the Minister of National Defence and by the Chiefs of Staff organizations of both countries. It is not anticipated that the terms of reference would be made public. I have been asked by the Minister of National Defence to forward the terms of reference to you along with the other attachments.

6. I have been directed by my Minister to put these papers before you in his absence for your consideration and to seek your authority to proceed on the basis of Appendices "A" and "B" to negotiate with United States authorities (a) an exchange of notes governing the establishment of NORAD, and (b) the establishment of a Joint Committee of Ministers with scope to consider problems in the field of our defence relations with the United

---

[93] À part quelques très légères modifications, le texte de cet appendice est le même que le mémoire annexé à la lettre du 22 février 1958 que Smith a adressée à Pearkes.

With very minor alterations, the text of this Appendix is the same as the memorandum attached to the February 22, 1958 letter from Smith to Pearkes.

States. Before the negotiations are opened with Washington, it will be important to know whether you wish that the bracketed sections in paragraphs 4 and 10 of the attached note should be retained or deleted.[94]

7. There is also attached as Appendix "D" a copy of a letter dated February 25 from Mr. Pearkes to Mr. Smith commenting on the memorandum concerning the establishment of a Ministerial Committee. You will have noted that the first paragraph of the note has been amended to meet points raised in the fourth paragraph of Mr. Pearkes' letter. The comments made by Mr. Pearkes in the fifth and sixth paragraphs of his letter have been discussed earlier in this memorandum.

8. Once we have agreed with the Americans on the text of a note, I presume that you would wish the draft at that time to be submitted either to Cabinet Defence Committee or to Cabinet as a whole for final consideration.

JULES LÉGER

[PIÈCE JOINTE 1/ENCLOSURE 1]

Appendice A

Appendix A

SECRET [Ottawa], February 24, 1958

FIRST CANADIAN DRAFT OF POSSIBLE CANADA-UNITED STATES EXCHANGE OF NOTES ON THE ESTABLISHMENT OF THE NORTH AMERICAN AIR DEFENCE COMMAND

I have the honour to refer to discussions which have taken place between Canadian and United States authorities concerning the necessity for integration of operational control of Canadian and United States air defences and, in particular to the study and recommendations of the Canada-United States Military Study Group. These studies led to the joint announcement on August 1, 1957, by the Minister of National Defence of Canada and the Secretary of Defense of the United States indicating that our two governments had agreed to the setting up of a system of integrated operational control for the air defences in the continental United States, Canada and Alaska under an integrated command responsible to the Chiefs of Staff of both countries. Pursuant to the announcement of August 1, 1957, an integrated headquarters known as the North American Air Defence Command (NORAD) has been established on an interim basis at Colorado Springs, Colorado.

2. For some years prior to the establishment of NORAD, it had been recognized that the air defence of Canada and the United States must be considered as a single problem. However, arrangements which existed between Canada and the United States provided only for the co-ordination of separate Canadian and United States air defence plans, but did not provide for the authoritative control of all air defence weapons which must be employed against an attacker.

3. The advent of high yield nuclear weapons, the great improvements in the means of effecting their delivery, and the automaticity of the air defence control systems demand rapid decisions to keep pace with the speed and tempo of future air battles. To counter the threat and to achieve maximum effectiveness of the air defence system, defensive operations must commence as early as possible and enemy forces must be kept constantly

---

[94] Note marginale :/Marginal note:
4 ok with minor change [R.B. Bryce]
10? [R.B. Bryce]

engaged. Arrangements for the coordination of national plans requiring consultation between national commanders before implementation had become inadequate in the face of a possible sudden attack with little or no warning. It was essential, therefore, to have in existence in peacetime an organization, including the weapons, facilities and command structure, which could operate at the outset of hostilities in accordance with a single air defence plan approved in advance by national authorities.

4. Studies made by representatives of our two governments lead to the conclusion that the problem of the air defence of our two countries could best be met by delegating to an integrated headquarters the task of exercising operational control over all elements of the national forces made available for the air defence of the two countries. Furthermore, the principle of an integrated headquarters exercising operational control over assigned forces has been well established in various parts of the North Atlantic Treaty area. [As the Canada-United States Region is an integral part of the NATO area,][95] the establishment of the North American Air Defence Command will assist our two governments further to implement their commitment to meet the strategic objectives which the North Atlantic Treaty Organization has established for the Canada-United States Region.

5. In view of the considerations outlined above, and on the basis of the experience gained in the operation on an interim basis of the North American Air Defence Command, our two Governments agree that the following principles will govern the future organization and operations of the North American Air Defence Command.

6. The Commander-in-Chief NORAD (CINCNORAD) will be responsible to the Chiefs of Staff Committee of Canada and the Joint Chiefs of Staff of the United States, who in turn are responsible to their respective governments. He will operate within a concept of air defence approved by the appropriate authorities of our two governments who will bear in mind their commitments in the defence of the Canada-United States Region of the NATO area. The North Atlantic Treaty Organization Military Committee will continue to be kept informed through the Canada-United States Regional Planning Group of arrangements for the air defence of North America.

7. The North American Air Defence Command will include as component commands United States Air Force Air Defence Command; United States Army Air Defence Command; United States Naval Forces, Continental Air Defence Command; and the Air Defence Command of Canada.

8. CINCNORAD will exercise operational control over all air defence forces assigned, attached or otherwise made available to him by the military authorities of Canada and the United States. "Operational control" is defined as the power to direct, coordinate and control the operational activities of forces assigned, attached or otherwise made available. No permanent changes of station would be made without approval of the higher national authority concerned. Temporary reinforcement from one area to another, including the crossing of the international boundary, to meet operational requirements will be within the authority of commanders having operational control. The basic command organization for the air defence forces of the two countries, including administration, discipline, internal organization and unit training, shall be exercised by national commanders responsible to their national authorities.

---

[95] La phrase entre crochets fait référence à la note dactylographiée au bas de la page :/The bracketed phrase is referred to in a typed note at the bottom of the page:

NOTE: The Minister of National Defence suggests that paragraph 4 would read better if the portion in square brackets is deleted.

9. The appointment of CINCNORAD and his deputy must be approved by the Canadian and United States Governments. They will not be from the same country, and CINCNORAD staff shall be an integrated joint staff composed of officers of both countries.

10. The plans and procedures to be followed by NORAD in wartime shall be formulated and approved in peacetime by appropriate national authorities and shall be capable of rapid implementation in an emergency. [When considering the extent of operational areas, the international boundary will be taken into account whenever operationally and technically feasible.][96] Any plans or procedures recommended by NORAD which bear on the responsibilities of civilian departments or agencies of the two Governments shall be referred for decision by the appropriate military authorities to those agencies and departments and may be the subject of inter-governmental coordination.

11. Terms of reference for CINCNORAD and his Deputy will be consistent with the principles established in this note. Changes in these terms of reference may be made by agreement between the Canadian Chiefs of Staff Committee and the United States Joint Chiefs of Staff, with approval of higher authority as appropriate, provided that these changes are in consonance with the principles set out in this note.

12. The question of the financing of expenditures connected with the operation of the integrated headquarters of the North American Air Defence command will be settled by mutual agreement between appropriate agencies of the two governments.

13. The release to the public of information by CINCNORAD on matters of interest to Canada and the United States will in all cases be the subject of prior consultation and agreement between appropriate agencies of the two governments.

14. It is agreed that the North American Air Defence Command shall be maintained in operation for a period of ten years or such shorter period as shall be agreed by both countries in the light of their mutual defence interests and their commitments under the terms of the North Atlantic Treaty. The terms of this agreement may be reviewed upon request of either country at any time.

15. The Agreement Between Parties to the North Atlantic Treaty Regarding the Status of Their Forces signed in London on June 19, 1951, shall apply.

16. The establishment of integrated air defence arrangements of this nature increases the importance of the fullest possible consultation between our two governments on all matters affecting the joint defence of North America. Only if such consultation is regularly and consistently undertaken can defence cooperation between our two countries be worked out on a mutually satisfactory basis.

17. If the United States Government concurs in the points set out above, I propose that this Note and your reply should constitute an agreement between our two governments effective from the date of your reply.

---

[96] Cette phrase fait référence aux deux notes suivantes écrites dans la marge :/This sentence is referred to by the following two marginal notes:

PM prefers omit [R.B. Bryce]

but shall not prevent arrangements required for operational efficiency [R.B. Bryce]

La note dactylographiée suivante au bas de la page fait aussi référence à cette phrase :/The following typed note at the bottom of the page also referred to this sentence:

NOTE: The Minister of National Defence wishes the sentence in squared brackets deleted since in his opinion, it is contrary to the opening statement of paragraph 2 of the note.

44. DEA/50309-40

Le greffier du Conseil privé
au sous-secrétaire d'État aux Affaires extérieures

Clerk of Privy Council
to Under-Secretary of State for External Affairs

SECRET Ottawa, March 7, 1958

Dear Mr. Léger

EXCHANGE OF NOTES WITH THE UNITED STATES ON NORAD;
PRIME MINISTER'S VIEWS

I took up with the Prime Minister yesterday the memorandum which you had sent to him dated February 26th on this subject and its appendices. He had seen it but did not recall much about it and had not made any decision when I spoke to him.

After discussing the matter, he agreed that a note of this general nature might reasonably be taken up with the United States now if Mr. Smith and Mr. Pearkes agree that such should be done and I understand that they have already so agreed.

In regard to the differences between the two Ministers on the text, which you had marked in ink, the Prime Minister suggested in regard to paragraph 4 that the phrase Mr. Smith prefers should be retained with a minor change, so that it would read "The Canada-United States Region is an integral part of the NATO area and the establishment ...". I think this does make a little clearer that NORAD will assist not simply because the Canada-United States Region is an integral part of NATO but for other reasons as well, but it does take note of the NATO connection as I think you wish.

In regard to paragraph 10, as I told you in our discussion this afternoon, the Prime Minister himself, without knowing the views of any others, said he would prefer to see the sentence omitted that you had placed in square brackets — i.e. the one relating to the international boundary. He feels that we can achieve the substance of what we have in mind in making the actual arrangements under the direction of the Ministers concerned and the Chiefs of Staff and that publishing a direction of this nature might well lead to charges that we were not fully sincere in our desire to achieve a fully integrated operational command of maximum efficiency.

While the Prime Minister did not wish to come to a detailed conclusion at this stage concerning the proposal in your Appendix B regarding the establishment of a joint Ministerial committee, he felt in principle that it was satisfactory from his point of view to put some suggestion forward to the United States along these lines. He felt, as I informed you, that this should not be too elaborate or complicated a committee as we did not want to give rise to the expectation that it would deal with a great many matters when we cannot foresee how in fact the Americans will be prepared to see it operate in practice.

As I told you, I did not ask the Prime Minister his views about the question of timing of the discussions on the two matters as I assumed that it would now be possible to initiate them at the same time and to decide later whether our agreement and the announcement of the one should be contingent upon our agreement and announcement of the other.

Yours sincerely,
R.B. BRYCE

45. DEA/50309-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-257 Ottawa, March 13, 1958

SECRET. PRIORITY.
Reference: Your Tel 470 Mar 3.†

DRAFT EXCHANGE OF NOTES ON ESTABLISHMENT OF NORAD

There is contained in my immediately following telegram the text of draft note on establishment of NORAD on the basis of which you should now open negotiations with the USA government. The draft has been approved by Ministers and the text is different in minor details from that which has already been referred to you.

2. We shall be sending you in the near future further instructions concerning negotiations with USA on the related question of political control. It would be desirable in our opinion to open negotiations with the USA on both the draft note and the question of political control at the same time. We suggest therefore that you take no action to initiate discussions with USA authorities until you have received our further message on political control. This telegram will be concerned mainly with our comments on the points raised in your telegram under reference.

3. *Your Paragraph 2. Operational Control Over Radar Lines.* Your assumptions in this regard are correct. Operational control has always been exercised by USAF over DEW Line. A recent change in assignment of responsibility for exercise of this operational control was the subject of our letter DL-236 of March 7.† MidCanada line has been under operational control of RCAF Air Defence Command which under NORAD arrangements for integration will itself come under operational control of NORAD headquarters. The exercise of operational control over radar lines therefore by NORAD is simply an extension of the general principle of NORAD's operational control over air defence forces of the two countries and as such does not in our estimation qualify as a new "principle" under paragraph 11 of the draft note.

4. *Your Paragraph 3. Alaska Command.* You assumption in this respect is correct. The Alaskan command under USA military organization is a theatre command made up of units of all three services which for purposes of defence of Alaska region come under the control of a Commander in Chief. Individual components such as air defence forces however are also responsible to their particular service command, e.g., USAF Air Defence Command for the air defence forces. NORAD will be given operational control for all air defence activities in Alaska although that control will be exercised through the Commander in Chief Alaska Command, just as for example operational control of Canadian air defence forces will be through designated component commanders. From the explanation which we have been given we are satisfied that the draft note and the terms of reference are consistent on this point.

5. *Your Paragraph 4. Detailed Description of CINCNORAD's Mission.* National Defence is of the opinion with which we agree that it is unnecessary to put in the intergovernmental note a detailed description of how CINCNORAD will carry out his responsibilities. He is a

subordinate commander who can only make recommendations on broad plans for the air defence of his command to the Chiefs of Staff organizations of the two countries, who may accept or reject his recommendations. It is the Chiefs of Staff however who decide finally on the plans which he will follow and once such decisions have been taken he must operate within them. What is set out therefore in paragraph 10 of the terms of reference are details of how he would carry out plans authorized by senior military echelons. We do not think it essential that the intergovernmental note contain such details. It would be difficult, if we embarked on this line, to decide where to stop in the matter of detail and we feel that introduction of such detail into an intergovernmental agreement would tend to introduce certain rigidities which are undesirable. It is important to realize that paragraph 10 of the terms of reference contains only a representative selection of the detailed functions of NORAD and not necessarily a complete listing of his activities.

6. *Your Paragraph 5. Permanent Changes of Station.* National Defence authorities prefer the more inclusive phrase (i.e. omission of "in peacetime") in the intergovernmental agreement. It may be at some stage desirable to seek amendment of the relevant clause in the terms of reference.

7. *Your Paragraph 6. Takeover of Command by Deputy Commander NORAD.* National Defence argues, with some merit we believe, that the takeover of command by a deputy in the absence of his Commander in Chief is normal military practice and as such does not need to be highlighted in an intergovernmental agreement.

8. *Your Paragraph 7. Relationship with NATO.* We agree that difficulties may arise in negotiation of the exchange of notes concerning the relationship of NORAD to the NATO military structure. Possible adverse USA reaction to the linking of NORAD to the NATO military structure has been taken into account in our drafting of the note but we cannot anticipate exactly what the nature of the USA reaction will be. This will only become apparent in the course of negotiations. You will be aware however from discussions on this point in the House of Commons that it is the government's intention that NORAD should fit into the NATO military structure and more particularly that NORAD's activities should fall within the purview of the Canada-USA Regional Planning Group.

---

46. DEA/50309-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-258 Ottawa, March 14, 1958

SECRET. PRIORITY.
Reference: Our Tel 257 Mar 13.

DRAFT EXCHANGE OF NOTES ON ESTABLISHMENT OF NORAD

Following is text of the draft note which you should submit to USA authorities as the first step in negotiation of an intergovernmental exchange of notes on the establishment of NORAD. Text Begins:

I have the honour to refer to discussions which have taken place between Canadian and United States authorities concerning the necessity for integration of operational control of

Canadian and United States air defences and, in particular to the study and recommendations of the Canada-United States Military Study Group. These studies led to the joint announcement on August 1, 1957, by the Minister of National Defence of Canada and the Secretary of Defense of the United States indicating that our two governments had agreed to the setting up of a system of integrated operational control for the air defences in the continental United States, Canada and Alaska under an integrated command responsible to the Chiefs of Staff of both countries. Pursuant to the announcement of August 1, 1957, an integrated headquarters known as the North American Air Defence Command (NORAD) has been established on an interim basis at Colorado Springs, Colorado.

2. For some years prior to the establishment of NORAD, it had been recognized that the air defence of Canada and the United States must be considered as a single problem. However, arrangements which existed between Canada and the United States provided only for the co-ordination of separate Canadian and United States air defence plans, but did not provide for the authoritative control of all air defence weapons which must be employed against an attacker.

3. The advent of high yield nuclear weapons, the great improvements in the means of effecting their delivery, and the automaticity of the air defence control systems demand rapid decisions to keep pace with the speed and tempo of future air battles. To counter the threat and to achieve maximum effectiveness of the air defence system, defensive operations must commence as early as possible and enemy forces must be kept constantly engaged. Arrangements for the coordination of national plans requiring consultation between national commanders before implementation had become inadequate in the face of a possible sudden attack with little or no warning. It was essential, therefore, to have in existence in peacetime an organization, including the weapons, facilities and command structure, which could operate at the outset of hostilities in accordance with a single air defence plan approved in advance by national authorities.

4. Studies made by representatives of our two governments lead to the conclusion that the problem of the air defence of our two countries could best be met by delegating to an integrated headquarters the task of exercising operational control over all elements of the national forces made available for the air defence of the two countries. Furthermore, the principle of an integrated headquarters exercising operational control over assigned forces has been well established in various parts of the North Atlantic Treaty area. The Canada-United States Region is an integral part of the NATO area, and the establishment of the North American Air Defence Command will assist our two governments further to implement their commitment to meet the strategic objectives which the North Atlantic Treaty Organization has established for the Canada-United States Region.

5. In view of the considerations outlined above, and on the basis of the experience gained in the operation on an interim basis of the North American Air Defence Command, our two governments agree that the following principles will govern the future organization and operations of the North American Air Defence Command.

6. The Commander-in-Chief NORAD (CINCNORAD) will be responsible to the Chiefs of Staff Committee of Canada and the Joint Chiefs of Staff of the United States, who in turn are responsible to their respective governments. He will operate within a concept of air defence approved by the appropriate authorities of our two governments who will bear in mind their commitments in the defence of the Canada-United States Region of the NATO area. The North Atlantic Treaty Organization Military Committee will continue to be kept informed through the Canada-United States Regional Planning Group of arrangements for the air defence of North America.

7. The North American Air Defence Command will include as component commands United States Air force Air Defence Command; United States Army Air Defence Command; United States Naval Forces, Continental Air Defence Command; and the Air Defence Command of Canada.

8. CINCNORAD will exercise operational control over all air defence forces assigned, attached or otherwise made available to him by the military authorities of Canada and the United States. "Operational control" is defined as the "power to direct, coordinate and control the operational activities of forces assigned, attached or otherwise made available."[97] No permanent changes of station would be made without approval of the higher national authority concerned. Temporary reinforcement from one area to another, including the crossing of the international boundary, to meet operational requirements will be within the authority of commanders having operational control. The basic command organization for the air defence forces of the two countries, including administration, discipline, internal organization and unit training, shall be exercised by national commanders responsible to their national authorities.

9. The appointment of CINCNORAD and his deputy must be approved by the Canadian and United States governments. They will not be from the same country, and CINCNORAD staff shall be an integrated joint staff composed of officers of both countries.

10. The plans and procedures to be followed by NORAD in wartime shall be formulated and approved in peacetime by appropriate national authorities and shall be capable of rapid implementation in an emergency. Any plans or procedures recommended by NORAD which bear on the responsibilities of civilian departments or agencies of the two governments shall be referred for decision by the appropriate military authorities to those agencies and departments and may be the subject of inter-governmental coordination.

11. Terms of reference for CINCNORAD and his deputy will be consistent with the principles established in this note. Changes in these terms of reference may be made by agreement between the Canadian Chiefs of Staff Committee and the United States Joint Chiefs of Staff, with approval of higher authority as appropriate, provided that these changes are in consonance with the principles set out in this note.

12. The question of the financing of expenditures connected with the operation of the integrated headquarters of the North American Air Defence Command will be settled by mutual agreement between appropriate agencies of the two governments.

13. The release to the public of information by CINCNORAD on matters of interest to Canada and the United States will in all cases be the subject of prior consultation and agreement between appropriate agencies of the two governments.

14. It is agreed that the North American Air Defence Command shall be maintained in operation for a period of ten years or such shorter period as shall be agreed by both countries in the light of their mutual defence interests and their commitments under the terms of the North Atlantic Treaty. The terms of this agreement may be reviewed upon request of either country at any time.

15. The agreement between parties to the North Atlantic Treaty regarding the status of their forces signed in London on June 19, 1951, shall apply.

---

[97] Note marginale :/Marginal note:

Mr. Rae It's easy to ask questions. What is the press going to do with this circular, or question-begging, definition of "operational control"? A.E. R[itchie]

16. The establishment of integrated air defence arrangements of this nature increases the importance of the fullest possible consultation between our two governments on all matters affecting the joint defence of North America. Only if such consultation is regularly and consistently undertaken can defence cooperation between our two countries be worked out on a mutually satisfactory basis.

17. If the United States government concurs in the points set out above, I propose that this note and your reply should constitute an agreement between our two governments effective from the date of your reply. Ends.

---

47. DEA/50309-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-259 Ottawa, March 14, 1958

SECRET. OPIMMEDIATE.
Reference: Our Tel 257 of Mar 13.

NORAD — POLITICAL CONTROL

Following for Robertson, Begins:

We have referred to your departmental correspondence dealing with the Minister's desire to explore with USA authorities the establishment of a Ministerial Committee to give special consideration to Canada-USA defence relations. In preparing this telegram we have tried to bear in mind the helpful views which you have sent me in your letter of March 5.†

2. The Prime Minister agrees in principle that an approach may be made to USA government on the basis of departmental memorandum concerning political control in the NORAD context, a copy of which formed the third attachment to my letter to you of February 24.† You should therefore, at the time of presentation to USA government of our draft note on establishment of NORAD, initiate discussions at an appropriately senior level with the State Department concerning our desire as set out in the departmental papers which you have to make arrangements for regular consideration by ministers of important defence problems which have arisen or may be expected to arise between our two governments.

3. It will be clear to you from the material on this subject which has been referred to you that the Minister has two main considerations in mind in putting forward the idea of a Canada-USA Ministerial Committee on Defence Matters:

(a) The ever increasing complexity and importance of problems connected with the defence of the continent; some of these problems cannot be considered simply an extension of those connected with the intimate defence relationships which have been established in the past between our two countries but derive from basic changes in these relationships which may be required because of technological developments in defence strategy; one important example which comes to mind is the gradual changeover from Canadian government cooperation in the purely defensive aspects of continental strategy to direct support of the offensive capabilities of the USA;

(b) The establishment of NORAD itself which gives formal recognition for the first time to the fact that the defence of the continent must be looked at as a single problem and that coordination alone of the air defence of Canada and USA is no longer enough in the present stage of warfare.

4. With these objectives in mind, the Minister believes that political control by the Canadian government of the joint activity of its forces with those of the USA must be real and apparent. It is essential therefore that an effort be made to create a new ministerial entity which will (a) provide a better opportunity for adequate consideration by Ministers of defence problems which may arise and (b) create public confidence in the House and in the country that the government, being fully aware of the changing nature of our defence cooperation with the USA, is taking every step to maintain the principle and the fact of civilian control of military activities.

5. We are all agreed, I believe, that it would be unwise to create any more new machinery for cooperation than is required. It is not envisaged, therefore, that a Ministerial Committee would involve creation of any additional official machinery. We believe, therefore that in exploring this matter further with USA authorities you should mention the meetings of consultation as is suggested in your letter of March 5 and possibly also some different role for the PJBD. We agree with your idea of the adoption of a flexible procedure to meet the need for joint ministerial consultations. The Ministers should meet only as required and in appropriate forums. We would expect that they would be served by machinery already in existence. In the Minister's view however it is important that ministerial direction of this machinery should be made more apparent, and at this stage therefore the establishment of some kind of Ministerial Committee to be served by existing machinery, perhaps somewhat modified, should be the object of your approach to the USA authorities. We believe you can explore this possibility adequately with USA authorities without adopting too rigid a stance.

6. We agree that it might be best to seek to build upon the language of paragraph 17 of the draft note on NORAD even though the Ministerial Committee if established would have a scope of activity larger than that encompassed by NORAD's activities. You will no doubt bear in mind as well the negotiations which have been going on for some time on an exchange of letters on political consultation generally. Cabinet consideration will be given to this exchange in the not too distant future. The meetings of consultation will no doubt be a useful analogy but we must avoid labouring this analogy too much. The terms of reference of the meetings of consultation are not sufficiently general, I think, to serve the purpose which the Minister has in mind. The meetings have as well become perhaps too greatly concerned with detail of both intelligence and operations. The kind of discussions which the Minister would hope the Ministerial Committee would have would be such matters as defence construction in Canada, the future of the CF105, political implications of storage of nuclear weapons on Canadian territory, anti-missile defence, and perhaps the deployment of missiles to Canadian territory.

7. I will leave it to your discretion as to how best you can bring these ideas before the proper USA authorities. The object of the initiative of course at this stage will be to explore the matter fully with the USA government without leading to the adoption of too rigid a formula. On the other hand USA officials must be made aware of the Minister's desires in a formal enough fashion that they will be required to give earnest consideration to them. It may therefore be desirable to leave some piece of paper with the USA authorities; this cannot be as yet in the form of a draft agreement as in the case of the NORAD note itself. You will realize of course that even if agreement were reached ultimately on the creation of a ministerial committee it would lose a good deal of the political advantage

which our Minister hopes to gain from it if its establishment cannot be made public at approximately the same time as the NORAD exchange of notes is made public. On the whole I think that the two announcements should be made at the same time.

[J.] LÉGER

---

48. DEA/50309-40

Note du ministre de l'ambassade aux États-Unis pour l'ambassadeur aux États-Unis

Memorandum from Minister, Embassy in United States, to Ambassador in United States

CONFIDENTIAL [Washington], March 17, 1958

POSSIBLE POINTS OF PUBLIC CRITICISM IN THE PROPOSED NORAD EXCHANGE

I assume that you will not wish to take many papers with you to New York. This brief memo might serve as a sufficient reminder of some of the points in the draft Notes on which it would seem desirable to ensure that Mr. Léger is satisfied that the present text will not provoke too serious criticism in Canada:

(a) The somewhat circular definition of "operational control" and the related vagueness concerning the mission and responsibilities of CINCNORAD. In particular, the borderline between national responsibility (and authority) and NORAD's functions would seem to be rather hard to discover.

(b) The continued lack of any indication of the relationship between the Commander and the Deputy Commander beyond that conveyed by the titles themselves. It might be questioned whether it is desirable to rely, for purposes of public discussion, entirely on the "custom" that the Deputy automatically takes over when the Commander is unable to act. As you will be aware, the paper prepared by the Military Study Group was fairly explicit about this succession.

(c) The use of the expression "Terms of Reference" to refer to what apparently is intended to be a detailed and unpublished document rather than to the general framework established in the exchange of Notes. This may seem like a point in semantics, but it could have some significance, particularly if in the earlier Parliamentary discussion mention was made of the terms of reference being agreed between the two Governments. As you know, the draft Note contemplates possible alterations in the (apparently unpublished) "Terms of Reference" by the military staffs of the two countries with approval of higher authorities only in those cases where that is considered by someone to be "appropriate." This kind of language may appear to leave considerable doubt as to the respective roles of the civilian and military authorities in determining the nature of NORAD in practice. Would it not be better to regard the exchange of Notes (possibly with some slight elaboration) as constituting the "Terms of Reference" and to use some more limited expression to identify the document which the military authorities will have some freedom to alter? For example, the latter document might be called "Detailed Procedures for Implementing the NORAD Arrangement" or might be described by some accepted expression from the military glossary which is usually applied to essentially administrative arrangements.

(d) The description of the relationship of NORAD to NATO. The question here is whether the present language represents the best compromise that can be reached between what is understood to be the U.S. attitude and what has been said by Canadians in various places regarding the connection between NORAD and NATO. It may well be that the present formula is the best that can be devised.

2. It is clear that NORAD must be left with as large a degree of "flexibility" as can be reconciled with other considerations which are of great importance to one or both Governments. It would also appear that some of the criticism which might otherwise be directed at the exchange of Notes may be lessened by the arrangements made for political consultation or control. Finally, it is appreciated that it may be extremely difficult to make substantial revisions in the present text at this stage. Nevertheless it would seem worth raising these possible points of future criticism in order to ensure that Mr. Léger is fully aware of them and that he and the others concerned nonetheless consider that the discussions with the U.S. should now be initiated on the basis of the current text.

A.E. R[ITCHIE]

---

49. DEA/50309-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 648 Washington, March 22, 1958

SECRET. PRIORITY.
Reference: Your Tel DL-259 Mar 14.

NORAD — POLITICAL CONTROL

I saw Elbrick (Assistant Secretary European Affairs), this afternoon, and told him that we expected shortly to take up with the State Department a draft exchange of Notes dealing with NORAD. At the same time, I thought it would be useful to outline on the basis of your reference telegram the view of our Ministers as to the need for developing consultation at ministerial level, not repeat not only as a result of integrated air defence arrangements, but also because of the increasing complexity and importance of problems connected with continental defence. In order that the State Department should be in a better position to consider this proposal, and in view of paragraph 7 of your reference message, we left with Elbrick an informal memorandum outlining our suggestions and requesting the views at an early date of the USA authorities. The text of this informal memorandum is contained in our telegram 649.

2. I added that although we were conscious of the pressure on senior ministers on both sides of the border, the closeness of Canada-USA joint defence arrangements and the range of emerging defence problems made it necessary to recognize the need and to provide for adequate ministerial consultation.

3. Elbrick was not repeat not in a position to give us any positive indication today, but said that the Department would look into the matter promptly. As a general observation, he thought that it was desirable to avoid the establishment of new machinery, and emphasized that some of the problems with which we were concerned also came up in the context of the relations between the USA and other NATO governments. At the same time, he was well aware of the unique character of the Canadian-American defence problem and of the

long and close cooperation which was existed in this field as a basis on which ministerial consultation on a joint basis might be developed.

4. In discussing this matter, I indicated that we hoped it would be possible to reach agreement on the principle of such consultation which might be made public at the same time as final agreement is reached on the NORAD exchange of Notes. In carrying this matter forward, it seems to me that it would be useful if the Department could clarify whether we attach first importance to the establishment of a Ministerial Committee (which in itself implies new machinery), or whether the position would not repeat not be met adequately by seeking to reach agreement on the principle of ministerial consultations on continental defence matters of concern to the two governments, such consultation to take place in appropriate forums, as required, and with the adaptation of existing machinery. It was my impression today that this second concept would more acceptably meet the USA position.

[N.A.] ROBERTSON

---

50. DEA/50309-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 649 Washington, March 22, 1958

SECRET. PRIORITY.

Reference: Our Tel 648 Mar 22.

NORAD — POLITICAL CONTROL

Following is text of informal memorandum left with State Department on March 21, referred to in our reference telegram. Begins:

The Embassy has been asked to bring to the attention of the State Department the view of the Canadian Government that there is a need for the establishment of a Ministerial Committee, with representation of the responsible Ministers of the two governments, to provide for consideration of important joint defence matters of concern to the two Governments.

2. In putting forward this proposal for consideration, the Canadian Government recognizes that the establishment of integrated air defence arrangements, and the increasing complexity and importance of problems connected with continental defence, serve to increase the need for the fullest possible consultation between the two Governments in all matters relating to joint defence.

3. A number of Canada-USA bodies, formal and informal, have been established since 1939 to deal with joint defence problems. Four of these seem to have roles relevant to the points made above:

(a) the meetings of consultation which have been held from time to time since 1951 to consider in confidence and without commitment situations which might lead to the use of atomic weapons;

(b) the Permanent Joint Board on Defence, which has both military and civil representation and whose terms of reference are to "consider in the broad sense the defence of the northern half of the western hemisphere";

(c) the Canada-USA Regional Planning Group (part of the NATO military structure) which in essence is the two groups of Chiefs of Staff;

(d) another agency is the Joint Industrial Mobilization Committee, which has dealt in the past with certain military as well as civil aspects of defence.

4. In another field, the Joint Canada-USA Committee on Trade and Economic Affairs, established in 1953, is composed of ministers. If a similar committee were established in the defence field, it might consist of the three ministers who attend NATO ministerial meetings, i.e. the Ministers of External Affairs, National Defence, and Finance, with representatives as necessary of other departments concerned, e.g. defence production and transport.

5. In the view of the Canadian authorities, there is a need for consultation on joint defence at ministerial or cabinet level. At the same time, it is recognized that it would be unwise to create more machinery for cooperation than is required, and it would, therefore, be expected that a Ministerial Committee on the lines proposed would meet only as required and in appropriate forums, and would be served as far as is practicable by joint official bodies which already exist for consultation.

6. In the Canadian view, it would be desirable to reach agreement on the establishment of an appropriate joint Ministerial Committee at the same time as final agreement is reached on the proposed exchange of Notes concerning NORAD. It is considered that while the scope of such a ministerial body would include consultation on matters relating to NORAD, it would extend over the whole range of defence problems of concern to the two governments.

7. The Embassy has been requested to explore the foregoing proposals with the USA authorities. Ends.

[N.A.] ROBERTSON

---

51. DEA/50309-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-299 Ottawa, March 26, 1958

SECRET. OPIMMEDIATE.

Reference: Our Tel DL-258 of Mar 14.

DRAFT EXCHANGE OF NOTES ON THE ESTABLISHMENT OF NORAD

Following for Robertson:

I have now had an opportunity to discuss with other interested officials the comments on the draft note on NORAD which you brought to my attention last week in New York. The comments set out below are related to the four points made in the memorandum of March 17 which you left with me. We cannot be certain that the text of the note which we are putting forward would meet all possible criticisms which might arise in the House. We are, however, satisfied that the draft text constitutes a generally satisfactory basis for agreement between our two governments on the establishment of NORAD.

2. *Operational Control*: There is a circumlocution in the definition of "operational control" included in our draft note. This definition was worked out with a good deal of difficulty between the Canadian and United States representatives in the Military Study Group. It is acceptable to service authorities in both countries and we are therefore not inclined to attempt to change it unless it can be proven to be unsatisfactory in substance. While operational control is a concept with which the service authorities are completely familiar it is not an easy concept to define in a few words. Our understanding of what is meant by it is the following. The operational activity of certain forces are put under CINCNORAD's control i.e. he is empowered to make use of the forces put at his disposal in military operations which are required to implement the plans for air defence of the continent which have been agreed upon by the two governments. He has no responsibility however for the administration (including logistic support), discipline, internal organization or basic training of these forces. If he finds that his operational task (i.e. his use of these forces) is being made difficult by shortcomings for example in discipline or training he will no doubt complain to national authorities; he cannot do anything more himself within the limits of his authority. This distinction between NORAD's responsibility and authority and that of national authorities is reasonably clear we think. Canadian forces have of course on a number of occasions in the past served outside of Canada under non Canadian commanders who exercised similar operational control.

3. *Deputy Commander's Responsibilities*: It is clear that a Canadian will be one of the senior commanders (paragraph 9 of the note). It has been made clear in statements in the House that the present Deputy Commander will take over CINCNORAD's responsibilities in his absence. (Air Marshall Slemon will not however take over all of *General Partridge's* responsibilities e.g. as Commander in Chief of the USAF Air Defence Command.) While we are not so concerned as you seem to be that lack of mention in the intergovernmental note of the details of the take over of command in the absence of CINCNORAD will provoke public criticism, we are prepared to have you add a sentence to the end of the present paragraph 9 to read "During the absence of CINCNORAD command will pass to the Deputy Commander."

4. *Terminology*: We are not inclined to believe that the terminology used for the two documents, i.e. the intergovernmental agreement and the terms of reference, should provide grounds for criticism. The terms of reference are a detailed though not necessarily exhaustive exposition of the duties of CINCNORAD, the individual, which flow from the agreement between the two governments on the establishment of NORAD, the Command. The intergovernmental note will constitute the political directive to the military authorities of the two countries within the terms of which they will order the affairs of the Command. Paragraph 11 of the draft note states that the terms of reference will be "consistent with the principles established in this intergovernmental Note." Only changes "in consonance with the principles set out in this Note" may be made by the military authorities and even then only by the most senior military authorities, the Chiefs of Staff. The phrase "with the approval of higher authority as appropriate" was included in paragraph 11 even though in a sense it underlines the obvious; the chiefs of staff can certainly be expected to be aware of their responsibilities towards their civilian superiors. It is not anticipated that the terms of reference of CINCNORAD will be published. Such documents are not normally published, in part because of security considerations; they might reveal too many details of the organization and task of a particular military command. All in all therefore we believe that a distinction can legitimately be made between the published intergovernmental agreement on the establishment of NORAD and the more detailed and unpublished terms of reference

of its Commander in Chief and that there is no need to change the terminology of the latter document.

5. *NORAD-NATO Relationship*: The language used to cover this point in a number of places in the draft Note does represent a compromise in part to what is understood to be the United States attitude. It reflects as well what will be the actual state of affairs. The Canada-U.S. Regional Planning Group will continue to inform NATO through the Military Committee of arrangements for the air defence of North America as was done in the past by the two national Air Defence Commands. It is true that the Prime Minister stated that NORAD would report to the Standing Group and the NATO Council "in a manner similar to other NATO military commands." We believe that our wording in paragraph 6 of the draft note means the same in substance as the Prime Minister's statement; we think it will however be more acceptable to the United States authorities.

6. Our military authorities regard NORAD as analogous to a NATO subordinate command e.g., Allied Air Forces, Central Europe. They understand, however, that the United States authorities are not prepared to agree at this stage at least that NORAD should be a formal NATO command. It is the hope of our military authorities that in the course of operation of NORAD it will be possible to strengthen the ties which will bind NORAD to the NATO military structure. They believe however that to attempt at this stage in a formal intergovernmental Note to establish too directly the link between NORAD and the NATO military structure would put almost insuperable difficulties in the way of acceptance of the intergovernmental Note by the United States government. It is, as we have said in our telegram DL-257 of March 14, the Government's intention that NORAD should fit into the NATO military structure and we believe that the note as drafted makes the Government's intention clear. Ministers did not, however, argue in the House that NORAD was in fact to be a NATO Command. We believe our draft represents the best compromise possible between competitive considerations.

7. I suggest that the draft Note be passed to the State Department as quickly as possible. I should mention that we did last week pass to the United States Embassy here informally and for information only the text of our telegram under reference since it was assumed that you would be giving the draft Note to the United States authorities immediately.

[J.] LÉGER

---

52. DEA/50309-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in Unites States
to Secretary of State for External Affairs

TELEGRAM 704 Washington, March 28, 1958

SECRET. OPIMMEDIATE.
Reference: Your Tel DL-299 Mar 26.

DRAFT EXCHANGE OF NOTES ON THE ESTABLISHMENT OF NORAD

We transmitted today to the State Department (Moline, Acting Head of British Commonwealth and Northern European Affairs) the text of the proposed draft note on NORAD, as given in your telegram DL-258 March 14, with the inclusion at the end of paragraph 9 of the phrase authorized in paragraph 3 of your reference telegram dealing with the Deputy Commander's responsibilities. We reminded Moline of the background of this matter, and pointed out that it had been agreed that in addition to the military terms of reference, setting out the responsibilities of CINCNORAD, it would be necessary to reach an agreement on the terms of an intergovernmental exchange of notes outlining the purposes and responsibilities of the command. We indicated that it was our intention when the exchange of notes had been agreed to concert with the USA authorities on the appropriate tabling or publication of the exchange. We expressed the hope that we could move forward as quickly as possible to complete these arrangements. Moline said that the State Department would examine our draft text and would be in touch with us when they were in a position to make their comments.

2. At the same time we linked with the eventual publication of the agreed exchange of notes the particular question which had been raised with the State Department on March 21 (see our telegram 648 March 22) concerning the need for ministerial consultation between the two governments, not repeat not only in connection with NORAD but also with reference to continental defence questions generally, and we indicated our view that agreement on appropriate ministerial consultation might be made public at the same time as the final NORAD exchange of notes is tabled or made public. Moline said that they were examining this question, and were exploring various possibilities which might meet the need for ministerial consultation on defence. We shall keep you informed of subsequent discussions with the State Department with reference to the proposed exchange of notes.

[N.A.] ROBERTSON

---

53. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], April 11, 1958

Present:

The Minister of Public Works, Acting Minister of Defence Production, and Acting Prime Minister, (Mr. Green) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Secretary of State for External Affairs (Mr. Smith).
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

NORAD; EXCHANGE OF NOTES WITH THE UNITED STATES

4. *The Minister of National Defence* said he wished to advise the Cabinet of the status of the discussion with the United States on the establishment of the North American Air Defence Command. A Canadian draft of the note to be exchanged with the U.S. on this

subject had been submitted to the U.S. authorities in Washington for their comments. The detailed terms of reference of the Commander in Chief of NORAD and his Deputy, which were to be consistent with the principles contained in the note, had been agreed to by the Chiefs of Staff of both countries and reviewed and approved by the Secretary of State for External Affairs and himself. They formed a military directive to NORAD and, as such, did not require the approval of the Cabinet. When they had been finally agreed they would be approved by the U.S. Secretary of Defence and himself. It was now intended that the Canadian draft of the terms of reference be transmitted to Washington. Once this had been done, the U.S. authorities would make known their views on the note. He hoped an agreed version would be ready by the opening of Parliament. The note would require the approval of the government and would, of course, be made public. On the other hand, the terms of reference were secret and should remain so.

5. *The Secretary of State for External Affairs* added that the terms of reference could not become effective until the note was negotiated. The Prime Minister had seen the note and agreed that a draft of this general nature might be taken up with the U.S. authorities. He had also approved in principle a proposal for the establishment of a joint Ministerial-Secretary Committee to consider problems in the whole field of Canadian defence relationships with the U.S.

6. *During the discussion* the following points emerged:

(a) It was highly desirable for the Cabinet to be as fully informed on this subject as possible. The issue was a controversial one and no doubt the debate on it during the last Parliament would be renewed in the new one. However, the present was perhaps not the time to go into details of the matter. Once negotiations on the official level had been completed, the Cabinet would have an opportunity to review the note.

(b) The Prime Minister had not examined the terms of reference. He had indicated, however, that he would be satisfied as long as they were consistent with the note, and had left it to the Minister of National Defence and the Secretary of State for External Affairs to ensure that this happened.

(c) Distinctively aggressive acts by the Russians over Canadian or U.S. territory would immediately involve Canada in a general war. The R.C.A.F. and U.S.A.F. defensive forces, once they were satisfied of aggressive intent, obviously would have to act before the civil power could be consulted. On the other hand, a strategic attack launched from North America could not take place without the approval of the duly constituted civilian authorities. In this regard, it was necessary to distinguish quite clearly between the roles of NORAD and the U.S. Strategic Air Command.

7. *The Cabinet* noted that the Minister of National Defence and the Secretary of State for External Affairs had approved the draft terms of reference for the Commander-in-Chief, North American Air Defence Command and his Deputy, and that these were being transmitted to the United States authorities for discussion and consideration.

. . .

54. DEA/50210-F-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], April 25, 1958

ITEM 3 OF THE 117TH MEETING OF CABINET DEFENCE COMMITTEE — DEPLOYMENT OF NUCLEAR WEAPONS TO EXISTING STORAGE FACILITIES AT GOOSE BAY

In my memorandum to you of February 11, a copy of which is attached, I commented on a draft Memorandum for Cabinet Defence Committee dealing with the above subject. I believe that the comments made in my memorandum of February 11 remain valid, particularly as this Department has not been consulted further by the Department of National Defence in the drafting of the memorandum on this subject which will come before you at the Cabinet Defence Committee on April 28. You may recall that Mr. Pearkes wrote to you on January 21 and indicated that the paper for submission to Cabinet Defence Committee concerning the storage of nuclear weapons at Goose Bay would be drafted "in collaboration with your Department." There has in fact been no change in National Defence's memorandum and no further consultation with us on that memorandum.

2. I wish to draw to your special attention two of the main points which were dealt with in my earlier memorandum. The first concerns the matter of control of the weapons in storage and control of their possible use from Canadian territory. I believe that on this matter Ministers will wish to be in no less favorable a position than Ministers of the United Kingdom Government, who have had to face the issue squarely in the House of Commons. Mr. Macmillan's statement of January 4 forms one of the attachments to my earlier memorandum. At that time he was able to state emphatically that the United Kingdom Government had an absolute veto on the dropping of any bombs by any Strategic Air Command planes based in the United Kingdom.

3. The second point which I believe you can legitimately raise as of special interest to this Department is that no opportunity should be lost to emphasize to the United States authorities the increased obligation which would fall on them for political consultation on matters which might lead to the possible use of SAC if additional facilities for that Command are to be provided on Canadian territory. The facilities which exist for consultation are numerous, but they are susceptible to continuous improvement and we believe that frequent reaffirmation of the need for consultation is desirable whenever the opportunity arises.

4. These two main points of substance raise the matter of desirable procedure. I believe it would be in the Government's interest to have recorded in a formal exchange with the United States the terms and conditions under which SAC operations at Goose Bay will be conducted. It could be argued that the arrangements covering SAC overflights of Canadian territory are broad enough to give the Canadian Government control of any SAC operations which might originate from Goose Bay. Under present arrangements any SAC flights carrying nuclear components and engaged on strikes or deployments for strikes using bases in Canada or overflying Canadian territory must be cleared with the Canadian Government through diplomatic channels. Furthermore, the agreed Minute of June 14, 1951 provides in part that "requests of the Government of the United States for permission to make use of facilities in Canadian territory for the deployment of atomic weapons (both without and

with their nuclear components) and for the conduct of operations involving the use of such weapons or the overflight of Canadian territory with such weapons ..." will be cleared through diplomatic channels. It is important to remember, however, that this agreed Minute was neither signed nor initialled by representatives of the two Governments, although it has been basic understanding of our dealings with the United States on the question of overflights. At the time these arrangements were made, the highest degree of security was required. There is perhaps less reason for this high degree of security in 1958, since so much is already known in general terms to the public about SAC deployment. Ministers may therefore not believe that the highly classified and somewhat informal arrangements made with the United States Government in the past would provide them with an adequate base to handle satisfactorily questions which may arise in the House or in public concerning the degree of Canadian cooperation in support of SAC operations.

5. There are a number of other arrangements which have been made in the past concerning the facilities at Goose Bay which are recorded in correspondence a good deal less formal than an exchange of notes. I suggest that you may therefore wish to raise with your Cabinet colleagues the desirability of bringing together in an exchange of notes all relevant understandings with the United States Government on the use of facilities at Goose Bay, including the possible storage there of nuclear weapons.

6. In summary, then, while it may be argued that there are, in the language of past understanding with the United States Government of varying degrees of formality, grounds for claiming a high degree of Canadian control over the use of Canadian facilities by SAC forces, there would be considerable merit, especially for purposes of public presentation, in drawing together in one agreement a restatement of Canada-United States agreements in this important area of cooperation in the active defence of North America.

JULES LÉGER

---

55. DEA/50046-A-40

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], April 28, 1958

Present:

The Prime Minister (Mr. Diefenbaker), in the Chair,
The Minister of National Defence (Mr. Pearkes),
The Minister of Finance (Mr. Fleming),
The Secretary of State for External Affairs (Mr. Smith).
The Secretary (Mr. Martin)
The Military Secretary (Group Captain Weston)
The Chairman, Chiefs of Staff (General Foulkes),
The Vice Chief of the Air Staff (Air Vice Marshal Dunlap)
The Vice Chief of the Naval Staff (Rear Admiral Tisdall)
The Secretary to the Cabinet (Mr. Bryce),
The Deputy Minister of Finance (Mr. Taylor),
The Deputy Minister of National Defence (Mr. Miller),
The Under-Secretary of State for External Affairs (Mr. Léger),
The Deputy Minister of Defence Production (Mr. Golden).

. . .

IV. DEPLOYMENT OF NUCLEAR WEAPONS AT GOOSE BAY FOR UNITED STATES STRATEGIC AIR COMMAND

13. *The Minister of National Defence* recalled that in January the Cabinet had approved the holding of discussions between Canadian and U.S. military authorities concerning the deployment of nuclear weapons to the existing storage facilities at Goose Bay. Subsequently the Chiefs of Staff had met with the Commander-in-Chief, Strategic Air Command, to explore fully the implications of this proposal.

SAC plans assumed that the enemy held the initiative. Therefore, the capability must exist to retaliate to any attack in such strength that the enemy would conclude it would be unprofitable to initiate nuclear war. To this end, SAC forces were widely dispersed in the U.S. with forward bases in the U.K., Spain, North Africa, Alaska and the Pacific. Nuclear weapons were dispersed at these bases so that aircraft could be rearmed for a second attack without making the long flight to home bases.

Because of its favourable location, Goose Bay would be a valuable alternate forward base for SAC. It was not intended to become a permanent base or to launch initial strikes from it. It would continue to be used for tanker squadron operations and occasional exercises. Storage of nuclear weapons there should not require any addition to the permanent USAF establishment. It was also not intended to request similar facilities at any other base in Canada nor were increases in the air defences of the area anticipated as a result of this request. The Chiefs of Staff were of the opinion that storage of nuclear weapons at Goose Bay would add to the capability of the deterrent forces of SAC. Aid to the maintenance of this deterrent was one of the responsibilities accepted by Canada as a member of the Canada-U.S. Regional Group and was compatible with our responsibility in NATO. The storage of such weapons did not create any additional risk.

No change in legislation was required to permit the import, export and storage of nuclear weapons or components in Canada.

He recommended, on the advice of the Chiefs of Staff, that the request of the U.S. for the deployment of nuclear weapons to the existing storage facilities at Goose Bay be approved.

An explanatory memorandum had been circulated.

(Minister's memorandum, February 10, 1958, Doc. D3-58).

14. *The Chairman of the Chiefs of Staff* recalled that this request came from the U.S. in December last as part of a proposal involving, in addition, discussions with regard to closer integration of atomic capabilities in continental air defence. It was proposed that these discussions deal with plans for supplying MBI rockets to the R.C.A.F., provision of atomic warheads for BOMARC units in Canada, any Canadian requirements for atomic warheads for NIKE-Hercules type weapons, storage of MBI rockets for employment by U.S.A.F. interceptors in Canada, naval plans concerning the introduction of nuclear anti-submarine devices at the leased base in Argentia.

In 1951, the previous government had authorized construction of storage facilities at Goose Bay[98] but no approval had been given to store any weapons there as yet, and as far as he knew no such weapons had in fact been stored there, nor had the approval of the last government for storage been requested by the U.S. authorities.

15. *The Secretary of State for External Affairs* said that this was a very serious proposal. This would be the first time that nuclear weapons would be stored in Canada and the impli-

---

[98] Voir volume 17, les documents 677 à 681./See Volume 17, Documents 677-681.

cations of such a decision were, in his view, very great. As he understood it, any weapons stored at Goose Bay would not be used until after a war broke out. Nevertheless, the problem of storage in the U.K. had given rise to serious differences there and had been of deep concern to the U.K. government. He believed that Canadian Ministers would wish to be in no less favourable position than U.K. Ministers on this issue and he thought that the Canadian government would wish to be in a position to say, as Mr. Macmillan had said for the U.K., that the Canadian government would have an absolute veto on the dropping of bombs which had been stored in Canada.

16. *The Prime Minister* said that the government would be faced with a critical issue unless it had the agreement of the Leader of the Opposition to any proposal to store nuclear weapons here for the use of SAC. Public opinion in the U.K. was divided on the issue and it would be unfortunate if conditions were created which would lead to a similar division in this country.

17. *During the discussion* the following points emerged:

(a) When a request for storage of nuclear weapons or for an overflight by an aircraft carrying such a weapon was made, the Atomic Energy Control Board was in a position to authorize such importations under the Atomic Energy Control regulations. This approval was then transmitted to the Deputy Minister of National Revenue. Permits were required in each case.

(b) All countries in NATO except Norway and Denmark had, by implication at least, agreed in principle to the storage of nuclear weapons on their territory. However, the only countries which had actually allowed such storage up to the present time were Germany and the U.K.

(c) While, theoretically, it might be possible to have a veto on a decision to allow SAC forces to undertake a strike using bombs stored on Canadian soil, if war did break out, it had to be recognized that it might not be possible to exercise this veto. If Goose Bay facilities were not available, it would mean that SAC bombers would have to travel an additional five or six hundred miles on their missions.

(d) The understanding reached in 1951 concerning Canadian control of the use to be made of nuclear weapons either on overflights of Canadian territory or from bases situated in this country, had never been properly approved by the U.S. and Canada. Since 1951 conditions had changed considerably and it would now seem highly desirable to have recorded in a formal exchange with the U.S. the terms and conditions under which SAC operations at Goose Bay would be conducted. Not to do so would only deepen the anxiety which was bound to exist in this country with the advent of this new development.

(e) The U.S. did not appear to be pressing now, to the extent they were last December, for the use of the facilities at Goose Bay. At that time they seemed to be more concerned over the future situation of their bases in Europe than they were at present. In the circumstances, it did not seem to be necessary to reach a decision on this particular request at the present time. Meanwhile, the situation could be further explored in detail if and when the U.S. renewed its approach. It might be that more attention would be paid now on their part to the provision of atomic weapons for defensive purposes.

18. *The Committee* noted the report of the Minister of National Defence on the U.S. request for the deployment of nuclear weapons to existing storage facilities at Goose Bay and on the related request for discussions on the use of atomic weapons in defence, and deferred decision on them pending further consideration of the issues involved and further discussions with the U.S. authorities as required.

. . .

VII. REPORT BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS ON PROGRESS OF NORAD NEGOTIATIONS

28. *The Secretary of State for External Affairs* said he had discussed this subject with the U.S. Secretary of State when he had been in Washington recently.[99] The draft note and draft terms of reference of the Commander-in-Chief, NORAD, were now in Washington. During his conversation with Mr. Dulles, he drew to the Secretary's attention the importance attached to adequate civilian control over the North American air defence arrangements and expressed the hope there would be a favourable reply to the recent communication left with the State Department in order that the statement concerning consultation arrangements on the Ministerial-Secretary level could be made at the same time the text of the NORAD agreement was made public. He had told Mr. Dulles there was no intention to make public any of the details of the military arrangements respecting NORAD, but at the same time he had pointed out that the whole question of integrated air defence had been politically controversial here. Mr. Dulles had informed him that the Defence Department in Washington had the proposed terms of reference and the exchange of notes under consideration and said he would urge that this study be expedited. On the question of Ministerial consultation, *Mr. Smith* had said that this was a matter on which action was necessary and desirable in view of the widespread public interest in Canada in such matters as alerts and the carriage of nuclear weapons over Canadian territory. He proposed to Mr. Dulles that these consultations be held with the Secretary of State for External Affairs and the Minister of National Defence and their opposite numbers in the U.S. at least once a year. Mr. Dulles replied that this proposal was agreeable to the State Department and he would take it up promptly with the Secretary of Defence. *Mr. Smith* said he understood the U.S. had accepted the drafts except that part of them which referred to NATO. It was rather hard to understand why the U.S. defence authorities objected to this when the U.S. Chairman of the Joint Chiefs of Staff, as long ago as last December, had agreed that such a reference might be included in the exchange. Anything that could be done through military channels to hasten the Defence Department's consideration of the matter would be helpful.

29. *The Committee* noted the report of the Secretary of State for External Affairs on the progress of the North American Air Defence negotiations with the U.S.

. . .

---

[99] Pour le compte rendu des États-Unis de cette réunion du 14 avril 1958, voir United States, Department of State, *Foreign Relations of the United States, 1958-1960, Volume VII, Part 1*, pp. 684 à 685. Un compte rendu canadien de la réunion se trouve dans MAE/50309-40.

For the United States record of this April 14, 1958 meeting, see United States, Department of State, *Foreign Relations of the United States, 1958-1960, Volume VII, Part 1*, pp. 684-685. A Canadian record of this meeting is on DEA/50309-40.

56. DEA/50309-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-399 Ottawa, April 29, 1958

SECRET. OPIMMEDIATE.
Reference: Your Tel 813 of Apr 16.†

NORAD EXCHANGE OF NOTES

Nugent of the State Department spoke privately to Departmental officials concerning the NORAD exchange of notes when they were together at the PJBD meeting last week. He indicated that at the working level USA military authorities had raised objections to some of the phrasing of our draft note on NORAD concerning the relationship of NORAD to NATO.

2. According to Nugent, certain officials in the Pentagon held the strong view that the wording of the NORAD note should not give any ground for interference by our NATO allies in the disposal of forces in the Canada-USA region nor should it even by inference suggest the possibility that NATO had a right to comment on plans for the air defence of North America. It was clear, Nugent said, that these defence officials wished the note to emphasize the bilateral character of NORAD arrangements. In this context the suggestion had been made that there be a direct reference in the note to article three of the NATO Treaty which, for convenience of reference, reads: "In order more effectively to achieve the objectives of this treaty, the parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack." It was obvious from what Nugent said that USA officials regard this article as the article which makes the way clear for bilateral agreements between parties to the treaty. While on the face of it we do not see that article three is particularly "bilateral" in intent, there is no doubt in our minds from what Nugent said that if such a reference were inserted in the NORAD note it would be interpreted by the USA authorities (presumably in public if they saw fit) as sanction for the bilateral Canada-USA agreement.

3. Departmental officials in their conversation with Nugent recalled the political controversy which had arisen in the House last fall with respect to NORAD and emphasized that the Canadian draft had been carefully worked out to include only such references to the NATO link as would satisfy Canadian requirements, without, we hoped, causing difficulties for the USA authorities.

4. Nugent was reminded that at the NATO Heads of Government meeting in December, as a result of an exchange of views between General Foulkes and General Twining, USA agreement had been given to the NATO formula used in the Prime Minister's statement on December 16.[100] At that time and in separate correspondence later General Foulkes assured General Twining that the establishment of NORAD should not lead to any substantive change in the present reporting relationship between CUSRPG and NATO. Again for con-

---

[100] Voir/See Volume 24, Document 254.

venience of reference we include the relative excerpt from the Prime Minister's statement in Paris on December 16: "I mention as a striking example of effective integration the arrangements recently made by the USA and Canada for an integrated air defence system in North America, which we designate as NORAD. As a result of this integration we hope to achieve a more efficient and more economical defence for the retaliatory forces based in North America. I would emphasize that this integrated force is an integral part of our NATO military structure in the Canada-USA region and will report to the Standing Group and the NATO Council in a manner similar to that followed by the other NATO military commands."

5. Nugent said that State Department officials fully appreciated the Canadian point of view and had indeed been relieved when they saw the manner in which our draft note had taken care of the NORAD-NATO link. He said that State Department officials still hoped to convince their colleagues in the Defence Department that the Pentagon approach was too narrowly legalistic. Nugent said however that unless some action could be taken at a high level to remove the roadblock, there might be some delay in ironing out the differences which existed. It seemed to departmental officials that Nugent was offering at least mild incitement to us to raise the matter again at a higher level. He mentioned in passing that perhaps it would have to be settled by an approach from Murphy to the Pentagon.

6. The Minister gave Cabinet Defence Committee yesterday an account of his talk with Mr. Dulles on April 14 with particular reference to his discussion of the NORAD exchange. He also mentioned the further information which we had received from Nugent. Concern was expressed in Cabinet at any further delay in completion of our agreement with the USA on this important subject. It was agreed that every effort should be made to have agreement on the exchange of notes completed in time for their tabling immediately after the opening of Parliament, that is by May 12.

7. With this background in mind I would be grateful if you could raise the matter again at a high level in the State Department after perhaps letting the Canadian desk in the State Department know what you have in mind. Nugent's comments last week were not put in terms of specific changes of language beyond the possible reference to article three of the NATO Treaty. There may be some possibility of arriving at compromise wording which will not further water down the NATO reference but which would be more acceptable to the defence authorities in the USA. We believe it should be possible at a high level to reach an understanding of our respective problems and even a meeting of minds on language which will safeguard our political requirements and which will not create difficulties for the USA Government. General Foulkes is advising General Sparling of the latest developments and has instructed him to concert with you in an effort to remove the obstacles which exist to completion of the exchange of notes. General Foulkes is ready to go to Washington immediately if you believe that you and he together could sit profitably with appropriate USA officials to iron out the difficulties. Please let us know if you think General Foulkes' presence would be useful. In any conversations which you have with USA authorities you should remind them that at the NATO Defence Ministers Conference in Paris a few weeks ago, Mr. Pearkes was assured personally by Defence Secretary McElroy that there should be no difficulty in completing the exchange of notes prior to the opening of the Canadian House. With all the assurances we have received at the highest level in Washington, both civil and military, we believe that it should be possible by a further high level approach on your part to clear up the difficulties which seem to exist only at the working level in the Department of Defence.

57. DEA/50309-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 932 Washington, May 1, 1958

SECRET. OPIMMEDIATE.
Reference: Your Tel DL-399 Apr 29.
Repeat London (For The Minister).

NORAD EXCHANGE OF NOTES

We had been in touch with Nugent and General Sparling has been in touch with the appropriate Pentagon authorities concerning the proposed NORAD exchange of notes. Following receipt of your reference telegram, General Sparling again saw General Whisenand, Special Assistant to General Twining, and reminded him of the importance we attach to concluding the exchange of notes in time for their tabling immediately after the opening of Parliament. At the same time, he drew attention to the fact that the related question of ministerial consultation machinery is before Secretary McElroy. This afternoon I saw Robert Murphy, Deputy Under-Secretary, and emphasized the need to move forward with this matter as quickly as possible in the light of the Minister's recent discussion with the Secretary of State. Murphy fully appreciated the Canadian interest in this matter, and as matters stand at the moment our understanding is that a meeting will be held between State, Pentagon, and International Security Affairs officials tomorrow, and that we should have an agreed USA response to our draft exchange of notes over the weekend or at the latest by the beginning of next week. I also reminded Murphy of the need for a parallel statement which could be made at the same time by appropriate ministers with respect to ministerial consultation on joint defence generally.

[N.A.] ROBERTSON

---

58. DEA/50309-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 960 Washington, May 5, 1958

SECRET. OPIMMEDIATE.
Reference: Our Tel 959 May 5.†

NORAD EXCHANGE OF NOTES — USA DRAFT

Following is text of clean draft of proposed USA redraft of note referred to in our telegram 959. Begins:

Sir,

I have the honour to refer to discussions which have taken place between the Canadian and the USA authorities concerning the necessity for integration of operational control of Canadian and USA air defenses and, in particular, to the study and recommendations of the Canada-USA Military Study Group. These studies led to the joint announcement on August 1, 1957, by the Minister of National Defence of Canada and the Secretary of Defense of the USA indicating that our two governments had agreed to the setting up of a system of integrated operational control for the air defences in the continental USA, Canada, and Alaska under an integrated command responsible to the chiefs of staff of both countries. Pursuant to the announcement of August 1, 1957, an integrated headquarters known as the North American Air Defence Command (NORAD) has been established on an interim basis at Colorado Springs, Colorado.

For some years prior to the establishment of NORAD, it had been recognized that the air defence of Canada and the USA must be considered as a single problem. However, arrangements which existed between Canada and the USA provided only for the coordination of separate Canadian and USA air defence plans, but did not repeat not provide for the authoritative control of all air defence weapons which must be employed against an attacker.

The advent of high yield nuclear weapons, the great improvements in the means of affecting their delivery, and the automaticity of the air defence control systems demand rapid decisions to keep pace with the speed and tempo of future air battles. To counter the threat and to achieve maximum effectiveness of the air defence system, defensive operations must commence as early as possible and enemy forces must be kept constantly engaged. Arrangements for the coordination of national plans requiring consultation between national commanders before implementation had become inadequate in the face of a possible sudden attack with little or no repeat no warning. It was essential, therefore, to have in existence in peacetime an organization, including the weapons, facilities and command structure, which could operate at the outset of hostilities in accordance with a single air defence plan approved in advance by national authorities.

The Canada-USA region is an integral part of the North Atlantic Treaty Organization (NATO) area. Furthermore, the principle of an integrated headquarters exercising operational control over assigned forces has been well established in various parts of the North Atlantic Treaty area, in support of the strategic objectives established in NATO for the Canada-USA region, our two governments have recognized, in accordance with the sense of the NATO Treaty, the desirability of concluding an agreement to integrate headquarters exercising operational control over assigned forces by establishment of the North American Defense Command (NORAD). The agreed integration is intended to assist the two governments to develop and maintain their individual and collective capacity to resist air attacks on their territories in North America, in mutual self defence.[101]

The two governments consider that the establishment of integrated air defence arrangements of the nature described increases the importance of the fullest possible consultation between the two governments on all matters affecting the joint defence of North America, and that defence cooperation between them can be worked out on a mutually satisfactory basis only if such consultation is regularly and consistently undertaken.

---

[101] Note marginale :/Marginal note:
Para 4 [auteur inconnu/author unknown]

In view of the foregoing considerations and on the basis of the experience gained in the operation on an interim basis of the North American Air Defence Command, my government proposes the following principles for governing the future organization and operations of the North American Air Defence Command.

1. The Commander in Chief NORAD (CINCNORAD) will be responsible to the Chiefs of Staff Committee of Canada and the Joint Chiefs of Staff of the USA, who in turn are responsible to their respective governments. He will operate within a concept of air defence approved by the appropriate authorities of our two governments, who will bear in mind their objectives in the defence of the Canada-USA region of the NATO area.

2. The North American Air Defence Command will include such combat units and individuals as are specifically allocated to it by the two governments. The jurisdiction of the Commander in Chief, NORAD, over those units and individuals is limited to operational control as hereinafter defined.

3. "Operational control" is the power to direct, coordinate, and control the operational activities of forces assigned, attached or otherwise made available. No repeat no permanent changes of station would be made without approval of the higher national authority concerned. Temporary reinforcement from one area to another, including the crossing of the international boundary, to meet operational requirements will be within the authority of commanders having operational control. The basic command organization for the air defense forces of the two countries, including administration, discipline, internal organization and units training, shall be exercised by national commanders responsible to their national authorities.

4. The appointment of CINCNORAD and his deputy must be approved by the Canadian and USA governments. They will not repeat not be from the same country, and CINCNORAD staff shall be an integrated joint staff composed of officers of both countries. During the absence of CINCNORAD, command will pass to the Deputy Commander.

5. The individual Canadian and USA military services will continue present arrangements for reporting nationally to the Canada-USA Regional Planning Group (CUSRPG) of NATO.[102]

6. The plans and procedures to be followed by NORAD in wartime shall be formulated and approved in peacetime by appropriate national authorities and shall be capable of rapid implementation in an emergency. Any plans or procedures recommended by NORAD which bear on the responsibilities of civilian departments or agencies of the two governments shall be referred for decision by the appropriate military authorities to those agencies and departments and may be the subject of intergovernmental coordination.

7. Terms of reference for CINCNORAD and his Deputy will be consistent with the foregoing principles. Changes in these terms of reference may be made by agreement between the Canadian Chiefs of Staff Committee and the USA Joint Chiefs of Staff, with approval of higher authority as appropriate, provided that these changes are in consonance with the principles set out in this note.

8. The question of the financing of expenditures connected with the operation of the integrated headquarters of the North American Air Defence Command will be settled by mutual agreement between appropriate agencies of the two governments.

---

[102] Note marginale :/Marginal note:
Principle No. 5 [auteur inconnu/author unknown]

9. The North American Air Defence Command shall be maintained in operation for a period of ten years or such shorter period as shall be agreed by both countries in the light of their mutual defence interests, and their objectives under the terms of the North Atlantic Treaty. The terms of this agreement may be reviewed upon request of either country at any time.

10. The agreement between parties to the North Atlantic Treaty regarding the status of their forces signed in London on June 19, 1951, shall apply.

11. The release to the public of information by CINCNORAD on matters of interest to Canada and the USA will in all cases be the subject of prior consultation and agreement between appropriate agencies of the two governments.

If the USA government concurs in the principles set out above, I propose that this note and your reply should constitute an agreement between our two governments effective from the date of your reply.

Accept, Sir, the renewed assurances of my highest consideration.

---

59. DEA/50309-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le premier ministre

Memorandum from Assistant Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], May 7, 1958

NORAD EXCHANGE OF NOTES

The United States authorities have submitted a number of revisions to the Canadian draft note on NORAD. Our original text and the United States redraft are attached as Appendices A[103] and B.[104] A number of the suggested United States revisions offer no difficulties and can be accepted.

2. In this Department's view, however, two suggested revisions, if accepted, could create parliamentary difficulties:

(A) The first of these is the United States language covering the reporting link between NORAD and NATO (Principle No. Five). The exact description of the link given in the United States language, in our estimation, varies sufficiently from the more general references to this point made by yourself and other Ministers to create the possibility of questions in the House of Commons. The language which we had used in our initial draft to cover the point was in deliberately general terms and was related directly to what the Ministers had said.

Even though the United States language is more exact than that which we had proposed, it is not complete. The Canadian and United States military services report to other NATO agencies in the normal course of events as well as to the Canada-United States Regional Planning Group.

In the circumstances, we believe that consideration might be given to (a) trying to convince the United States authorities to accept our original language; (b) omitting the principle entirely; or (c) revising the American language along the lines set out in Appendix "C".

---

[103] Voir/See Document 46.

[104] Voir le document précédent./See previous document.

(B) A second United States revision which we think might present difficulty is the suggested redraft of paragraph 4. Our drafting was to the effect that:

> "NORAD will assist our two Governments *further to implement their commitment* to meet the strategic objectives which NATO has established for the Canada-United States Region."

The United States language is less precise:

> "*In support* of the strategic objectives established in NATO for the Canada-United States Region, our two Governments have recognized *in accordance with the sense* of the North Atlantic Treaty the desirability of concluding an agreement to integrate headquarters, etc."

In our estimation, the United States language has the effect of making less direct the link between NORAD and NATO. We are aware that certain military authorities in the United States hold the view that the wording of the NORAD note should not give ground for interference by our NATO allies in the disposal of forces in the Canada-United States Region. We believe we should draw your attention to the difference of emphasis between the United States language on this point and Canadian Ministerial statements, which have tended to underline the closeness of the NORAD-NATO link. Your statement on the point to the NATO meeting in Paris on December 16 is attached as Appendix "D".

Nevertheless, we must admit that the United States authorities have come some way to meet our difficulty. I do not think, therefore, that the parliamentary risks of accepting the United States language are great enough to warrant our refusal to go along with it. If we are prepared to accept the new United States slant on paragraph 4, it would be desirable to redraft the American version along the lines set out in Appendix "C". Our suggested redraft we think is both clearer and more accurate. The United States redraft includes reference to "the desirability of *concluding an agreement* to integrate headquarters exercising operational control, etc.". In our estimation this is not what the present exchange of notes is intended to do. Agreement on the establishment of NORAD and the integration of appropriate headquarters was reached last August and announced then by the appropriate Ministers. The proposed exchange of notes is designed to set out the principles to govern the *future* organization and operations of the Command.

3. We recognize fully the advantage there would be in avoiding any possible delay in completion of the exchange of notes in order that they may be tabled in the House early next week. Our main concern with the United States revisions is that they might create some difficulties for Ministers in the House. It remains, therefore, a matter for Ministerial judgement as to whether the importance of timing outweighs the desirability of a more satisfactory wording for the note. If a decision is taken to try to reach agreement with the United States along the lines of Appendix "C", the delay in tabling the note might be as long as a week or ten days.

4. I have sent to Brussels for consideration by my Minister when he arrives there tomorrow morning the points of view outlined above.[105] I would hope to be in touch with him by telephone tomorrow morning, May 8, to get his reaction.

J.W. H[OLMES]

---

[105] Smith était en Europe. Il assistait à la réunion ministérielle de l'OTAN qui s'est tenue à Copenhague du 5 au 7 mai 1958.

Smith was in Europe attending the NATO Ministerial meeting held in Copenhagen from May 5-7, 1958.

[PIÈCE JOINTE/ENCLOSURE]

Appendice C

Appendix C

SECRET [Ottawa], May 7, 1958

POSSIBLE REDRAFT OF PARAGRAPH 4 OF THE PREAMBLE TO THE NORAD NOTE

Studies made by representatives of our two Governments led to the conclusion that the problem of the air defence of our two countries could best be met by delegating to an integrated headquarters the task of exercising operational control over combat units of the national forces made available for the air defence of the two countries. Furthermore, the principle of an integrated headquarters exercising operational control over assigned forces has been well established in various parts of the North Atlantic Treaty Area. The Canada-United States Region is an integral part of the NATO area. In support of the strategic objectives established in NATO for the Canada-United States Region and in accordance with the provisions of the North Atlantic Treaty, our two Governments have, by establishing the North American Air Defence Command (NORAD) recognized the desirability of integrating headquarters exercising operational control over assigned air defence forces. The agreed integration is intended to assist the two Governments to develop and maintain their individual and collective capacity to resist air attack on their territories in North America in mutual self-defence.

POSSIBLE COURSE OF ACTION TO DEAL WITH UNITED STATES PRINCIPLE FIVE

(A) Insist on our own language:

"The North Atlantic Treaty Organization Military Committee will continue to be kept informed through the Canada-United States Regional Planning Group of arrangements for the air defence of North America."

(B) Omit the principle entirely.

(C) Redraft the United States language to read:

"The Canadian and United States military services will continue to report on a national basis to the Canada-United States Regional Planning Group and other NATO authorities."

60. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 8, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
 and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees) (for morning meeting only),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes) (for morning meeting only),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice and
 and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr) (for morning meeting only),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Leader of the Government in the Senate (Senator Haig).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

NORAD; EXCHANGE OF NOTES WITH THE UNITED STATES
(PREVIOUS REFERENCE APRIL 11)

4. *The Prime Minister* said that the United States had finally submitted their views on the Canadian draft note on NORAD. Some of the suggestions they had made offered no difficulties and could be accepted. However, two proposed revisions could create problems in Parliament. The first had to do with one of the proposed principles governing the operation of NORAD and was concerned with the reporting link between NORAD and N.A.T.O. The U.S. language varied sufficiently from the general references made by himself and other ministers as to create the possibility of questions in the House of Commons. The second was in the preamble, and involved language which had the effect of making the link between NORAD and N.A.T.O. less direct than Canada would like to see. Some U.S. military authorities had always been concerned over the possibility of interference by other N.A.T.O. countries in the disposal of forces in the Canada-United States region.

The Chiefs of Staff had said they could "live with" the U.S. wording. However, this might be difficult for the political authorities. Accordingly, a further draft of the portions of the note at issue had been prepared for transmission to Washington. The Secretary of State for External Affairs had been informed abroad and has expressed the hope that this redraft would be submitted to Washington. It might take several days before an agreed version would be ready but it seemed to him preferable to face a delay in tabling the note in Parliament rather than to agree to something now which would be severely criticized in the House.

5. *During the discussion* it was said, on the one hand, that there was in fact so little difference between the two versions of the note that it would not be hard to accept the U.S. language, and, on the other hand, that the U.S. version was sufficiently far removed from public remarks made here that it might lead to further difficulties. It would be best to seek agreement on the new revisions which had been prepared, even at the risk of some delay.

6. *The Cabinet* noted the report of the Prime Minister on the proposed exchange of notes with the United States on NORAD, and agreed that suggested revisions in the U.S. version be transmitted to the U.S. authorities in Washington for further consideration.

. . .

---

61. DEA/50309-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-440 Ottawa, May 8, 1958

SECRET. OPIMMEDIATE.
Reference: Your Tel 960 of May 5.

NORAD EXCHANGE OF NOTES

Cabinet considered this morning USA redraft of NORAD note, the text of which was contained in your telegram under reference. In addition the redraft was discussed by telephone with the Minister in Brussels.

2. We have been directed to seek USA agreement immediately to revision of two paragraphs (a) paragraph 4 of Preamble and (b) Principle No. Five. Ministers are still hopeful that it will be possible to table exchange of notes on NORAD on Tuesday May 13 and would certainly not wish to have tabling delayed beyond May 16. Since we are prepared to accept many of USA revisions we believe it should be possible for them to meet our timetable.

3. Paragraph 4 of Preamble. The USA language for fourth preambular paragraph has the effect of making less direct the link between NORAD and NATO. We realize nevertheless that USA authorities have come some way to meet our point of view. We are prepared therefore to accept a good deal of USA language even though we would have preferred our original paragraph. We do however believe it would be desirable to redraft American version of preambular paragraph 4 along the lines set out below. Our suggested redraft we think is both clearer and more accurate.

4. USA Principle No. Five. The exact description of the reporting link with NATO used in USA draft varies sufficiently from more general references to this point made by Ministers to create possible difficulties in the House. It would be in the interests of both countries to avoid if possible having NORAD once again the subject of controversy in the House. The language which we had used in our initial draft to cover the point was in deliberately general terms. USA authorities have been assured on a number of occasions that we have

no intention of bringing about any change in present procedures for the reporting by our services to NATO.

5. Would you therefore make every attempt to convince USA authorities of the desirability of accepting as Principle No. Five the language which was included as the last sentence of our original paragraph 6 (telegram DL-258 of March 14) i.e. "The North Atlantic Treaty Organization Military Committee will continue to be kept informed through the Canada-United States Regional Planning Group of arrangements for the air defence of North America."

6. If this should prove impossible we would be prepared reluctantly to move to language similar to that used in USA redraft. If we do have to move towards American language, we believe it must be made more accurate. National Defence has pointed out that Canadian and USA military services report on national basis to other NATO authorities as well as to CUSRPG. Each year each NATO country reports on a national basis (a) to Annual Review Committee on the forces it has allocated to various NATO commands, and (b) to specific Supreme Commands on forces allocated to those commands; in the case of Canada and USA these additional reports are made for example to CUSRPG, SACEUR and SACLANT. If it should prove impossible therefore to convince USA authorities to accept wording for the principle which is much preferable to us, we would wish as a minimum to have their present wording revised to read as follows: "The Canadian and United States military services will continue to report on a national basis to the Canada-United States Regional Planning Group and other NATO authorities."

7. There are a number of minor editorial changes which we believe are required which will probably have occurred to you already. In preambular paragraph 4 reference should be made to the "North Atlantic Treaty" rather than to "NATO Treaty;" the phrase "North American Defence Command" should read "North American Air Defence Command." We believe that the last preambular paragraph should read in part "... my government proposes that the following principles should govern the future organization and operations of the North American Air Defence Command."

8. A number of administrative arrangements will have to be made in Ottawa with respect to tabling of these notes. You might therefore telephone, in the interest of saving time, when agreement is reached with the USA authorities on a final text.

9. Following is redraft of preambular paragraph 4:

Studies made by representatives of our two Governments led to the conclusion that the problem of the air defence of our two countries could best be met by delegating to an integrated headquarters the task of exercising operational control over combat units of the national forces made available for the air defence of the two countries. Furthermore, the principle of an integrated headquarters exercising operational control over assigned forces has been well established in various parts of the North Atlantic Treaty area. The Canada-United States Region is an integral part of the NATO area. In support of the strategic objectives established in NATO for the Canada-United States Region and in accordance with the provisions of the North Atlantic Treaty, our two Governments have, by establishing the North American Air Defence Command (NORAD) recognized the desirability of integrating headquarters exercising operational control over assigned air defence forces. The agreed integration is intended to assist the two Governments to develop and maintain their individual and collective capacity to resist air attack on their territories in North America in mutual self-defence.

62. DEA/50309-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], May 9, 1958

NORAD EXCHANGE OF NOTES

In your absence Cabinet considered on May 8 the United States redraft of our draft note on NORAD. We were authorized by the Prime Minister after the Cabinet meeting to seek revisions to two paragraphs of the United States redraft. The text of those revisions is attached.

We have been informed today, May 9, that the State Department accepted our revisions. For all practical purposes, therefore, agreement has been reached on the exchange of notes and it should be possible to have them signed not later than Monday, May 12. A clean text of the notes as agreed will be given to you as soon as it is available. The necessary administrative arrangements will be put in hand to provide copies for tabling in the House early next week. The French translation which is required is being done.

I will deal with the possible statement on Ministerial consultation in a separate memorandum.[106]

D.V. LEP[AN]

---

63. DEA/50309-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], May 10, 1958

NORAD

NORAD Exchange of Notes

Agreement has now been reached with the United States on the NORAD Exchange of notes and arrangements are going forward to have them signed inWashington on Monday, May 12. Administrative arrangements are being made to allow for the tabling of the notes as early as possible next week.[107] The tabling could take place on Tuesday, May 13, if you wish. Could you let me know as soon as possible whether you or the Prime Minister will be tabling the notes. The United States authorities are planning to release the text of the notes at the same time as they are tabled in the House and have asked for as much advance information as possible on the time and date set for tabling.

---

[106] Note marginale :/Marginal note:
You may wish to inform Cabinet H.B. R[obinson]

[107] Pour le texte officiel de ces notes, voir Canada, *Recueil des Traités*, 1958, Nº 9.
For the official text of these notes, see Canada, *Treaty Series*, 1958, No. 9.

Ministerial Committee on Defence

2. It has not, unfortunately, been possible as yet to reach agreement with the United States authorities on the question of what public reference should be made to the possibility of the establishment of a joint Ministerial Committee on Defence. I attach for your information a copy of our telegram DL-438 of May 8† to Washington, which contains our suggested text. This text was discussed yesterday with the State Department and the United States counter draft is contained in Washington telegram 1017 of May 9,† a copy of which is also attached.

3. The United States counter draft does not contain any reference to the establishment of a joint committee. It is limited in substance to noting the agreement of the two Governments "to consult periodically at the Ministerial level on matters affecting the joint defence of Canada and the United States."

4. It is clear from the report contained in the attachment that the United States authorities would be reluctant at this stage to be committed to any new machinery. They set out their understanding that no elaborate machinery was envisaged for the periodic joint consultations between Ministers which Mr. Dulles had agreed to in April when he was speaking with you. It seems to us that the views given our Embassy by the State Department are perhaps more important than the language which they have suggested. Their views indicate that there is a basic lack of agreement as yet between us on whether or not the Committee of Ministers is required. In these circumstances, therefore, any public reference to the matter of consultation has its disadvantages. If reference is made to the agreement of the two Governments to consult periodically at the Ministerial level, there could be difficulty, in the absence of complete understanding between our two Governments on the matter, in answering the almost inevitable questions either in the House or from the press as to what the form and content of these periodic consultations would be.

5. We have not as yet had a direct United States response to the memorandum on a possible Ministerial Committee which was left with the State Department some weeks ago. It seems obvious that in the absence of an agreed position within their own Government, the United States authorities are not anxious at this stage to have anything definite said in public about the Ministerial Committee.

6. I do not think we should agree with the proposed United States statement as it falls short of your desire to make apparent civilian control in the defence field by the establishment of a Ministerial Committee on Defence. It should be our objective to convince the United States authorities of the validity of your point of view. Until we can reach a meeting of minds with the United States authorities on this point, we see little to be gained by a simple reference to consultation, when it cannot be coupled with an announcement of an agreement on the establishment of the kind of committee you had in mind. We would recommend, therefore, that you delay for the time being making any statement on this point, in the hope that our continuing negotiations with the Americans will be successful.

7. Your decision on what, if anything, is to be said now concerning the matter of consultation will have some bearing on the arrangements being made for the tabling of the notes. If the notes are to be tabled on the 13th, it is essential to make arrangements definite as early as possible on Monday, May 12, both here and in Washington.

J.W. H[OLMES]

64. DEA/50309-A-40

Note du chef de la 1ère Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures[108]

Memorandum from Head, Defence Liaison (1) Division, to Under-Secretary of State for External Affairs[108]

SECRET [Ottawa], June 17, 1958

CANADA-UNITED STATES MINISTERIAL COMMITTEE ON JOINT DEFENCE

I understand that Mr. Merchant, the United States Ambassador, has informed you that he is recommending to his authorities that an announcement be made at the time of the Eisenhower visit to Ottawa of the establishment of a Canada-United States Ministerial Committee on Joint Defence.

2. It is now just over a month since our last conversations with the State Department on this subject, and the next step is up to us. In that interval we have obtained the Minister's approval for a Memorandum to Cabinet recommending approval in principle to the establishment of the Committee and to the negotiation of an exchange of notes with the United States Government along the lines of a draft which is attached to the Memorandum to Cabinet. A week ago you informed the Minister that the Memorandum to Cabinet and its attachment were in the hands of the Cabinet Secretariat.[109]

3. I am somewhat concerned that consideration is being given to this subject in the context of the Eisenhower visit[110] before a final decision has been taken by Cabinet, and certainly before any formal agreement has been reached with the United States authorities on the establishment of the Committee. The possibility always exists that those responsible on the United States side for arranging the visit of the President will give "background" information to the press concerning possible topics for discussion during the Eisenhower visit to Ottawa. The reason that nothing specific was said about the Ministerial Committee at the time of the tabling of the NORAD notes was precisely because we had not reached agreement with the United States authorities on the establishment of the Committee. It would be unfortunate if this subject was caught up in the momentum of the arrangements for the Eisenhower visit before it had been settled on its own merits with the appropriate United States authorities.

4. I would recommend, therefore, that after discussing this aspect of the matter with the Minister you should, with his authority, speak to Mr. Bryce and urge that the matter be put on Cabinet's agenda as a matter of priority. If it is deemed desirable to make some announcement on the matter at the time of President Eisenhower's visit, negotiation of our note with the Americans should be taken up as a matter of real urgency.[111]

PAUL TREMBLAY

---

[108] Note marginale :/Marginal note:
Pearkes agreed [Jules Léger]

[109] Note marginale :/Marginal note:
on agenda [Jules Léger]

[110] Voir/See Document 3.

[111] Note marginale :/Marginal note:
Minister agrees that it be placed on agenda. J. L[éger]

65. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 7, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green)
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

CANADA-UNITED STATES MINISTERIAL COMMITTEE ON JOINT DEFENCE; ESTABLISHMENT

1. *The Secretary of State for External Affairs* said that there was need, at this stage in Canada's defence relationships with the United States, for a joint Canada-U.S. committee of ministers to consider all defence matters of common concern. The considerations which suggested the desirability of such a committee included the establishment of NORAD, the necessity for consultation at the ministerial level on events which could lead to the activation of continental air defences or to the use of U.S. offensive forces, and the necessity for consultation on domestic repercussions in both countries, which might result from the operations of NORAD.

It was essential, in his view, that political control by the government of the joint activity of Canadian forces with those of the United States be real and apparent. An effort should be made to create a new ministerial entity which would provide a better opportunity for consideration of the defence requirements which might be expected to arise out of the operation of integrated air defence, give Canadian ministers an opportunity to get a forecast of U.S. plans for continental defence, and create confidence that the government was taking every step to maintain civilian control over military activities.

He did not think it would be wise to create more new machinery than was needed. The ministers should meet only when required and be served by the existing machinery. The committee could not take executive action and control must ultimately be exercised by the Cabinet. The disadvantages in his proposal were that U.S. Secretaries could not give the same assurances with respect to legislative action as Canadian ministers could, that the committee might serve as a focal point for U.S. pressure, and that it might tend to raise expectations which at times would be difficult to fulfil. These, however, seemed to be outweighed by the need for the committee.

The U.S. Secretary of State had agreed that the idea of political consultation on defence was desirable. So far, the U.S. defence authorities had also agreed in principle to periodic ministerial consultation, but not to the establishment of a committee. He thought the time had arrived to present a note to the U.S. providing for such a committee and submitted a draft which might be used for this purpose. It followed closely the form of the note on the Joint Committee on Trade and Economic Affairs.

He recommended that approval in principle be given for the establishment of a joint committee and that an appropriate exchange of notes be arranged with the U.S.

(Minister's memorandum, June 2, 1958—Cab. Doc. 151-58).†

2. *Mr. Smith* added that the Minister of Defence Production should be included on the Canadian side. A decision on the proposal was desirable now so that, if it were agreed to, the matter could be discussed with President Eisenhower and Mr. Dulles in the next few days.

3. *During the discussion* the following points emerged:

(a) More consultation at the minister-secretary level was highly desirable but it was doubtful if a committee should be formally created for the purpose.

(b) The Permanent Joint Board on Defence had gradually assumed less significance and its role was not now so important. Once the new committee was established the board might be brought under its direction. In fact, a good case could be made for abolishing the board altogether.

(c) The government had been criticized vociferously about NORAD, particularly on the alleged lack of connection with N.A.T.O. Similar criticism could be expected on the establishment of this committee. It was pointed out, on the other hand, that the problems arising from the defence of North America were peculiar to Canada and the U.S. and no one in N.A.T.O. could object to the two consulting closely together about them. If more discussions had been held prior to the establishment of NORAD not so much would have been heard about the matter. Nothing in the North Atlantic Treaty prevented such an arrangement.

(d) One of the committee's functions as outlined in the draft note was to arrange for collaboration between subordinate bodies of the two governments. This was a form of executive power and should not be included.

(e) It would be helpful if an agreed statement about closer consultation could be made at the conclusion of President Eisenhower's visit.

4. *The Cabinet* approved in principle the recommendation of the Secretary of State for External Affairs for the establishment of a Canada-United States Ministerial Committee on Joint Defence, subject to the addition of the Minister of Defence Production on the Canadian side, and the deletion of the proposed power to arrange for collaboration of subordinate bodies of the two governments.

. . .

66. DEA/50309-40

Note du président du Comité des chefs d'état-major pour le premier ministre

Memorandum from Chairman, Chiefs of Staff Committee, to Prime Minister

CONFIDENTIAL Ottawa, July 15, 1958

INCREASED STATES OF READINESS AS A RESULT OF A CRITICAL SITUATION IN THE MIDDLE EAST

1. At 11:30 hours this morning, General Sparling the Chairman of the Canadian Joint Staff in Washington, informed me that he had been asked to attend a meeting of the U.S. Joint Chiefs of Staff and at that meeting he had been told that the U.S. Chiefs of Staff were seeking presidential authority to increase the states of readiness of the U.S. forces including Air Defence forces as a precautionary measure because of the tension in the Middle East.[112]

2. This increased state of readiness only affected the regular forces of the United States and were of interest to Canada in regard to the Air Defence Command and to an alert posture of the Strategic Air Command. They were seeking authority for the movement of tankers to Harmon Field in Newfoundland, Goose Bay and Frobisher. The U.S. Navy was also increasing its states of readiness including its air defence.

3. General Twining, the Chairman of the U.S. Chiefs of Staff, was proceeding to the White House to get the President's approval of these measures and undertook to inform me as soon as the President had agreed to these measures.

4. At 15:00 hours this afternoon, General Twining telephoned to say that the President had agreed to the measures suggested by the U.S. Chiefs of Staff as a precaution during this period of tension. The deployment of the tankers from SAC was to be limited to the most critical places and in the most limited numbers and one squadron of tankers was to be deployed to the American side of the Goose Bay Air Force Base.

5. I questioned General Twining regarding Frobisher and pointed out that as far as I knew no arrangements had been made at Frobisher to accept these tankers in accordance with the recent refuelling agreement and that if possible the U.S. should not plan to deploy refuelling aircraft to Frobisher until we could determine from the Department of Transport whether arrangements were completed.

6. General Sparling confirmed at 15:30 hours this afternoon that the deployment of one squadron of tankers to Goose Bay was all that was contemplated at the present time. He also mentioned that the Ground Observer Corps was not to be alerted and he also mentioned that members of the U.S. Air Force were not to be recalled from leave.

7. General Twining also intimated that the Commander-in-Chief NORAD would be requested to bring his forces up to increased readiness.

8. At 16:00 hours, Air Marshal Slemon called me to confirm that we were aware that because of the tense situation in the Middle East the Commander-in-Chief NORAD considered it advisable to take the first step in increasing combat readiness of the NORAD forces. This is in accordance with the authority which was included in the terms of

---

[112] Voir chapitre II, 5e partie, section A.
See Chapter II, Part 5, Section A.

reference of CINCNORAD in paragraph 10(i) where he was given authority to specify the conditions of combat readiness and to include states of alert[113]. You will recall that in the letter from the U.S. Secretary of State of January 1958,† in which agreement was reached regarding consultation prior to the declaration of an alert, the Secretary of State stated as follows: "Further, the alert measures we are concerned with in this proposal would not include those partial or limited measures such as increased conditions of operational readiness of the Armed Forces which do not involve or directly influence the population at large." This was agreed to by the Canadian Government. This increase of combat readiness mentioned above is purely one of these normal military precautions which it is prudent to take in a period of tension. This increased readiness as far as our Air Force is concerned is as follows: Normally on each aircraft base we have two aircraft at five minutes notice and ten aircraft at one hour's notice. This increased readiness raises this number to four aircraft at five minutes notice and one half of all serviceable aircraft to be available within an hour's notice. This means as far as we are concerned between fifteen and eighteen aircraft. The Early Warning System operates on a twenty-four hour shift and therefore does not require to be raised to any further states of readiness.

9. These precautions are the normal precautions which any Commander would take on being notified of a period of tension. It was the intention of the U.S. authorities that only precautions which would not alarm the people should be taken. However, I have just been informed by the Chief of the Air Staff that the Commander of the Air Defence Forces at St. Hubert has picked up on the U.S. television a report that the U.S. forces have been brought to a higher state of readiness as a result of this emergency.

10. It is therefore quite likely that questions might be asked regarding what action was taken by the Canadian authorities. It is suggested that if these questions are raised it is considered that an appropriate answer could be made along the following lines. That after consultation with the U.S. authorities the Canadian authorities had agreed to take the appropriate precautionary measures including increased readiness for the Air Defence Forces under the direction of NORAD.

11. I have already informed Mr. Pearkes of this situation.

[CHARLES FOULKES]

---

[113] Voir 4e partie, section C.
See Part 4, Section C.

67. DEA/50210-H-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], July 25, 1958

119TH MEETING OF CABINET DEFENCE COMMITTEE — JULY 28, 1958
ITEM 1 — EXTENSION OF PINETREE RADAR SYSTEM — U.S. PROGRAMME
ITEM 2 — INTRODUCTION OF SAGE IN CANADA

These projects proposed for approval by the Minister of National Defence concern the strengthening of our air defences against the manned bomber and, therefore, certain general comments are applicable to both papers.

2. These two projects were given lengthy consideration, together with the possible establishment of BOMARC missile sites in Canada, by the Joint Planning Committee (JPC), on which this Department is represented. Discussions of the items produced considerable controversy among the individual services and between the RCAF and the Defence Research Board. In our estimation, the JPG study[114] was hampered by the terms of reference given to the Committee, which specifically excluded consideration of this currently accepted air defence concept. Efforts to explore the concept were resisted by the RCAF and particularly any suggestion that the Committee should examine the drawbacks of continuing to regard the defence of SAC bases as the primary aim of air defence in North America; there was a strong body of opinion in the Committee that serious attention should be given to the possibility of defending area targets, i.e., cities and vital industrial areas. Our Departmental representatives felt they could assume no other role but that of interested and impartial observers. This Department has no specific responsibility to shape air defence strategy. You may think it desirable, therefore, to limit your intervention in the Cabinet Defence Committee's consideration of the subject to some of the basic considerations set out below.

(a) These projects are directed solely to strengthening our defences against the manned bomber and will make no contribution to defence against the ballistic missile; nor, of course, will they contribute to the defences of the continent against the possible threat of submarine-launched missiles. They are evidence of military thinking which is basically evolutionary rather than revolutionary, i.e., a continued building of strength against the known manned bomber rather than a determined concentration on the finding of means to defend adequately against a possible missile threat. This is not necessarily wrong for a country with the resources of the United States. It may, however, be a more doubtful mode of thought for Canada.

(b) A considered argument has been made by Defence Research Board that United States and Canadian air defences should make better use of northern deployment, which would improve the overall effectiveness of the defences and, more important, would put the defences in areas where they could be used without great destruction to Canadian territory and population. (We would be inclined to agree that the present disposition of defence weapons suggests that the primary purpose is the defence of the United States rather than of North America.) The RCAF has challenged this DRB concept, not so much on grounds of basic error but rather on grounds of the increased cost of proposed DRB sites and the delay in installation which would be involved. The RCAF has admitted, however, that the proposed siting in the West of United States BOMARC missiles (just south of the border) which the five heavy radar dealt with in the submission to Cabinet Defence Committee are designed to serve, does constitute a danger to the population of Western Canada, over whose head the air defence battle would have to take place.

---

[114] Le dossier MAE/50245-40 contient un exemplaire de cette étude du 14 mai 1958 du Comité conjoint de planification intitulée « Review of Air Defence Against the Manned Bomber Threat ».

A copy of this May 14, 1958 Joint Planning Committee study — titled "Review of Air Defence Against the Manned Bomber Threat" — is located in DEA/50245-40.

(c) How much stronger must our defences against the manned bomber looking northward be? Are they not sufficiently strong at the moment to make the possibility of manned bomber attack through that route unlikely? With the present defences of North America which cover the polar approach, would the Russians not be acting very foolishly if they launched anything short of a major attack of an ultimate nature against North America? Until the intercontinental ballistic missile becomes available in operational quantities, is a Soviet attack by the polar route likely?

(d) The additional costs of these projects (and the later BOMARC missile which these installations are designed to serve) are substantial even for the United States. You will recall that the Minister of National Defence earlier this month, in one of the meetings with Mr. Dulles in Ottawa[115], said in part: "We feel very strongly that development of defence against ballistic missiles in North America should be a joint effort and we are concerned lest we spend too much on rounding out the defence against the manned bomber and not have the funds available to participate in the development and production of defences against the ballistic missile." In considering costs, one cannot ignore predicted costs of Canadian development of the CF105.

(e) What will be the effect of increased defence expenditures on our commitments to NATO? If continued defence against the manned bomber and defences against the missile which will have to be constructed eventually are to have the high price tag which we anticipate, will we be able to afford the assistance of the sort we are giving already to the defence of the European Region of NATO?

(f) No specific figures are given in either of the papers to be considered by the Cabinet Defence Committee of the number of personnel required for manning the radar stations or the SAGE installations. Our understanding is that the radar sites would require approximately 250 men each for a total of 1250, and the SAGE installations 500 men each for a total of 1000. If the United States is to provide most of the personnel, at least for the five radars, the Cabinet Defence Committee may wish to consider the political implications of such an increase in United States military personnel in Canada.

3. Further comments of particular relevance to the individual projects are included in the two appendices to this memorandum.

J. L[ÉGER]

Appendice I

Appendix I

ITEM 1 — EXTENSION OF PINETREE RADAR SYSTEM — UNITED STATES PROGRAMME

The strengthening of the Pinetree Radar System is designed to allow better use to be made of Canadian and United States fighter interceptors and of United States BOMARC missiles. The Minister of National Defence is seeking the concurrence of the Cabinet to authorizing the United States to proceed with the construction of five heavy radars and 39 gap-fillers in Western Canada. At a later date he intends to submit recommendations for Canadian installation of two heavy radars and six gap-filler radars in Eastern Canada.

---

[115] Voir/See Document 8.

2. Some of the general comments outlined in the covering memorandum have application to this particular project, even though it is to be entirely United States financed.

3. If approval is given to the project, we believe that a new exchange of notes is required. Even though the project can be considered to be an extension of the Pinetree project which was covered by an inter-governmental agreement in June 1955,[116] certain provisions of the earlier exchange of notes would have to be reviewed. The particular problems which would have to be considered in the new exchange of notes would include (a) provisions concerning procurement and construction of the new radar, and (b) the division of responsibility for manning and operation of the stations.

Appendice II

Appendix II

ITEM 2 — INTRODUCTION OF SAGE IN CANADA

Semi-Automatic Ground Environment (SAGE) is equipment which automatically accepts data from tracking radar, processes it and provides intercept guidance to defence weapons, both interceptors and ground-to-air missiles. The BOMARC ground-to-air missile cannot be operated without SAGE. The effectiveness of such sophisticated aircraft as the CF105 would be greatly lessened without an automatic control system such as SAGE.

The Minister of National Defence's recommendation is for the establishment of one complete SAGE installation (a Direction Centre and a Combat Centre) in the Ottawa Air Defence Sector, and the necessary re-equipment of certain radar installations which would be tied in to the SAGE Centre. The initial estimate of Canadian cost would be $55 million, with the United States bearing an additional $53 million cost for the project.

3. The general comments in the covering Memorandum apply to this project.

4. It seems to us that by indirection at least a favorable decision with respect to the installation recommended by the Minister of National Defence will commit the Canadian Government to favorable consideration later of the installation of BOMARC missile sites in approximately this same area. It would seem pointless to install such expensive machinery as SAGE and then not follow that up with installation of the most effective defence weapons which the SAGE would serve. We are aware in any case that CINCNORAD is likely to recommend the installation of two BOMARC missile sites in the Ottawa Air Defence Sector.

5. An exchange of inter-governmental notes would, in our estimation, be required to cover the installation of SAGE facilities in Canada because (a) the installation will be known to the public to be a first step in the provision of missile defences in Canada; (b) United States equipment is to be provided; (c) United States technical personnel may be required to operate the facility; and (d) some cost-sharing formula will have to be agreed to.

---

[116] Voir/See Volume 21, Document 338.

68. DEA/50046-A-40

Procès-verbal de la réunion du Comité du Cabinet sur la défense

Minutes of Meeting of Cabinet Defence Committee

SECRET [Ottawa], July 28, 1958

Present:

The Prime Minister (Mr. Diefenbaker), in the Chair,
The Minister of National Defence (Mr. Pearkes),
The Minister of Finance, (Mr. Fleming),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley).
The Secretary (Mr. Martin),
The Military Secretary (Group Captain Weston).
The Chairman, Chiefs of Staff (General Foulkes),
The Chief of the Air Staff (Air Marshal Campbell).
The Secretary to the Cabinet, (Mr. Bryce),
The Deputy Minister of National Defence, (Mr. Miller),
The Deputy Minister of Defence Production, (Mr. Golden),
The Assistant Under-Secretary of State for External Affairs (Mr. LePan),
The Assistant Deputy Minister of Finance, (Mr. Plumptre).

I. EXTENSION OF PINETREE RADAR SYSTEM — U.S. PROGRAMME

1. *The Minister of National Defence* said additional radar coverage was required in certain areas of Canada to allow for the full utilization of the Air Defence weapons system of the North American Air Defence Command. One such area lay northwest of the Ontario-Quebec industrial complex. This would be dealt with in a separate submission. The other was in Western Canada and the sites were at Olds, Alberta; Alsask, Saskatchewan; Dana, Saskatchewan; Yorkton, Saskatchewan; Carberry, Manitoba.

It was planned that the improvement and extension to the Pinetree system would be handled in a similar way to previous agreements between Canada and the United States. In accordance with this arrangement, the U.S. would assume the costs of the five Western radars and Canada the Eastern ones. The U.S.A.F. would be willing to proceed on this basis. Between adjacent main radars there was a gap from ground level to the bottom of the beam of the radars through which low-flying aircraft could penetrate defences undetected. To fill this gap, and also to provide data for the control of weapons, small unattended radars were required. As a result of a survey conducted last summer, it was found that 45 such gap fillers, of which 6 would be in the Ottawa Sector, would be required.

The U.S.A.F. had indicated that they wished to proceed to establish the five heavy radars in Western Canada at the sites indicated, and 39 gap fillers. The cost of the heavy radar programme was approximately $75 million and of the gap fillers about $12 million. Details of procurement and construction would be the subject of an exchange of notes to be negotiated. The question of manning the five heavy radar stations would be discussed with the U.S. authorities.

The Minister, on the advice of the Chiefs of Staff, recommended that approval in principle be given for the U.S. to construct five radars in Western Canada and to implement their gap filler programme in Canada as a whole.

An explanatory memorandum had been circulated. (Minister's memorandum, July 22nd, 1958 — Document D7-58).†

2. *During the discussion* the following points emerged:

(a) For the original Pinetree programme it had worked out that two-thirds of the cost of the equipment, construction and installation had been paid for by the U.S. and one-third by Canada. The U.S. had financed 25 stations and Canada 9, although we were manning a total of 14. The proposal for the heavy radars was in effect a continuation of the previously agreed arrangement with the U.S.

(b) The question of manning the U.S. radars could be settled later. The U.S. would be prepared to man the five new ones if Canada authorized them to do so. About 1,000 men altogether would be required and if Canada decided to man the installations, the defence budget would be increased.

(c) In the last three or four months feelings had developed here that Canada might be too much subject to U.S. control and influence. On the other hand, the number of U.S. service personnel in Canada was decreasing and the U.S. authorities would be only too anxious to have Canadians man as many installations as possible in Canada.

(d) The sites had been chosen to provide a pattern which would ensure the best possible radar coverage.

(e) These radars, both the heavy type and the gap fillers, were required to assist in meeting a bomber threat which would probably exist for the next ten years. It was true that the U.S.S.R. was building up its missile strength, but the bomber threat would nevertheless continue to exist for several years. The Ballistic Missile Early Warning System was being developed to provide warning against ICBM's.

3. *The Committee* noted the report of the Minister of National Defence on the extension of the Pinetree radar system and agreed to recommend that, in principle, the United States be authorized to construct five radars in Western Canada and 39 gap fillers in the system, as outlined by the Minister; the details of procurement and construction to be negotiated with the U.S. authorities.

II. INTRODUCTION OF A SEMI-AUTOMATIC DATA HANDLING AND PROCESSING ENVIRONMENT IN CANADA

4. *The Minister of National Defence* said that it had become necessary to add semi-automatic data handling and intercept computation equipment to the Pinetree radar chain, in order to overcome the limited handling capacity of the present manual air defence system, to provide for the introduction of new weapons, such as very high speed interceptors or surface-to-air guided missiles, and to provide improvements to handle electronic counter-measures.

A United States development, known as SAGE (Semi-Automatic Ground Environment), would provide a solution to the problem. This equipment, when added to radars, allowed not only for the efficient exploitation of weapons, but also for the integration of the whole continental air defence forces for rapid and effective employment in all sectors. The U.S. was implementing a SAGE programme consisting of 29 air defence sectors, to be completed and operating during the period 1958-1962. In the plans which had been worked out jointly, one Direction Centre and one Combat Centre were intended for Canada, which would control not only Canadian air defence weapons but also the activities of the Bangor Sector in Maine and the Maritime Provinces, and the Northeast Sector, including Newfoundland and Labrador.

It now seemed appropriate to proceed with the installation of this equipment and join the U.S. in implementing the programme as a whole. It was important, however, that an early decision be reached so that the complete programme could be properly phased and timed. If an agreement were reached now, the Ottawa Sector could be operational in 1962, which would be consistent with the overall programme. The 27th FSQ-7 computer in production for the U.S.A.F. could be diverted for the Ottawa Direction Centre. It had also been indicated that the U.S. would be prepared, as their share of the cost, to provide the FSQ-7 and FSQ-8 computers to Canada.

Implementation of this joint proposal would require:

(a) Construction in Northern Ontario of a SAGE Direction Centre (FSQ-7 computer and associated facilities).

(b) Construction at the same site of a SAGE Combat Centre to control air defence operations in the Ottawa and Bangor air defence sectors and some manually operated radars in Eastern and Northeastern Canada (FSQ-8 computer and associated facilities).

(c) Provide the nine Canada-financed Pinetree radars, to be used in the system, with the necessary automatic equipment to enable them to supply data to the central computer.

(d) Provide the necessary communications from five R.C.A.F. radars to the Ottawa Direction Centre.

The Minister, on the advice of the Chiefs of Staff, recommended that approval in principle be granted:

(i) to join with the U.S. in the implementation of the SAGE programme in Canada as he had outlined; and

(ii) to negotiate an agreement with the U.S. for sharing the costs of this programme.

5. *Mr. Pearkes* went on to say that the estimate of cost of the Direction Centre, Combat Centre and components for the R.C.A.F. Pinetree radars totalled approximately $108 million.

An explanatory memorandum had been circulated. (Minister's memorandum, July 25th, 1958 — Document D8-58.† *Note*—The original Document D8-58 dated July 21st was withdrawn and the paper dated July 25th substituted therefor.)

6. *During the discussion* the following points emerged:

(a) Not only should negotiations be started with regard to cost-sharing, they should also include production sharing. While Canada could not make the major computers, there was no reason why some components could not be manufactured here. These could be produced in number for all the computers in the whole U.S.-Canada programme and an economic production run established in this country. It was necessary, however, to start discussions with this end in view almost immediately, so that Canada could be fully integrated in the production programme.

(b) Canada was not committed to paying for half of the programme. Negotiations would be aimed at a more realistic sharing. Perhaps we could get a better than fifty-fifty deal.

(c) The question was asked whether the project as a whole was designed for the defence of the U.S. In answer to this it was pointed out that its primary purpose was to assist in the defence of the deterrent forces, that is, the bases of Strategic Air Command, and, secondly, to ensure reasonable protection of the populations of Canada and the U.S. As long as the Russian manned bomber threat existed, it would be necessary to have this element in the defence system. It was true, however, that the defences of North America had to be prepared for the future missile threat.

(d) Notwithstanding the urgency of proceeding with this proposal, it would be desirable to undertake a broader study of production problems. Each stage in the development of a project in which Canada did not share made it that much more difficult to attempt to participate in the next stage. It had been suggested to the U.S. Secretary of State, when he was here earlier in the month, that Canada should have the opportunity of participating at an early stage in development of warning and defence systems against the intercontinental missile. This approach should be followed in connection with SAGE.

(e) Even if it were decided to forego the CF105 or BOMARC programmes, SAGE would still be required for the operation of U.S. interceptors over Canadian territory.

(f) The burden on Canada of contributing to the air defence of North America had now reached the stage where serious consideration must be given to reducing Canadian defence effort in other fields. It was possible that to achieve the necessary economies it might be necessary to withdraw some Canadian forces now assigned to NATO, and in this respect it was suggested that significant economies could best be achieved by withdrawing the Air Division rather than the Brigade.

(g) Commitments accepted in 1951, when aircraft cost $400,000 each, could not be honoured now when aircraft alone cost ten times as much. We could not re-arm and re-equip all our forces now and still live up to those commitments. In addition, it was quite probable that we would be called upon more frequently by the United Nations to keep the peace in various parts of the world. After discussions here in August on the shape of the future defence programme, it might be desirable to have a meeting of the new Canada-U.S. Committee of Ministers and Secretaries on defence problems for a thorough airing of the effect of the proposals contemplated for our joint defence.

(h) As regards mutual aid, if the defence budget was to be kept at an acceptable level, it was quite likely that the size of the mutual aid vote would have to be substantially reduced. It was apparent that after 1958/59 there would be little worthwhile material available in Service stocks for mutual aid transfer and if the programme level was to be maintained it would be necessary to take additional procurement action in order to permit the transfer of useful material as mutual aid.

7. *The Committee* agreed to recommend that approval in principle be given to joining with the United States in implementation of the semi-automatic ground environment (SAGE) programme in Canada, including the installation of one Direction Centre and one Combat Centre, and connecting the appropriate Pinetree radars with United States Direction Centres and Combat Centres; an appropriate agreement to be negotiated with the United States for sharing costs and production for this programme.[117]

W.R. MARTIN
Secretary
R.C. WESTON
Group Captain,
Military Secretary

---

[117] Le Cabinet a approuvé le prolongement du réseau Pinetree et l'introduction du système semi-automatique d'infrastructure électronique (SAGE) le 1er août 1958.

Cabinet approved the extension of the Pinetree system and the introduction of SAGE on August 1, 1958.

69. J.G.D. XII/A/45 Vol. 3

Note du secrétaire du Cabinet
pour le premier ministre

Memorandum from Secretary to Cabinet
to Prime Minister

SECRET [Ottawa], July 31, 1958

RE: AIR DEFENCE DECISIONS

Before leaving, I thought I should give you my own conclusions on the very important decisions you will have to consider at Defence Committee the week after next and take at Cabinet the following week before you leave on August 22nd. (I will be back here late on the 18th — perhaps the night before).

I have gone into these matters at length, but there is so much detail and so many considerations that there is never finality and I will not attempt to give the reasons here.

CF-105

This is the central point. I would continue development and production and build the Air Force programme accordingly, despite the cost and some doubts about how long the manned bombers will be the main threat. The number and size of squadrons and "back-up" should be worked out during September and October, bearing cost in mind.

The Sparrow and Astra

I would switch from these weapons to the MB-1 with nuclear head and a less perfect electronic system, despite the military limitations. This will minimize great technical risks and possible delays, save money at the critically important time, and should not cause serious political difficulties. The Air Force needs a little more time to decide if this shift is feasible.

The Defence Budget

I think this must be allowed to go up to the neighborhood of $2,000 million a year for about two years, but on the understanding that the reasons why this is necessary are fundamentally temporary and it will be hoped to reduce it in say 1961 or 1962. This is a serious financial decision, as already the prospective deficit for next year (1959-60) is very large. Should economic conditions generally worsen, this deficit will be not only tolerable but desirable; should they improve, however, you will be faced I think by an almost irresistible case to increase taxes significantly in 1959 or 1960. The decision on the defence budget in August should be only in principle. Defence and Finance, with External Affairs and Defence Production assisting, should review the defence programme in detail during the following two or three months.

The Air Division in Europe

Unless our Defence Budget is to increase much more than what is noted above, which would seem to me to be unwarranted, we will not be able to re-equip the Air Division with planes and weapons effective for the 1960's. Its role is becoming obsolete as well as its equipment. The Europeans, with U.S. help, can and should take over the air responsibility there, when we are having to increase substantially our defence budget because of our North American problems, which is for the central NATO deterrent purpose. The problem is the effect on European policy and the coherence of the Alliance. I should put this up to the U.S. and U.K., and be tempted to give notice to NATO this year that we do *not* plan to re-equip this force and recognize that in due course it will have to be replaced by other more modern forces. Perhaps the diplomats should be asked to see what virtue they can make of this necessity.

Other Forces

I would suggest the Army and Navy should *not* be asked to cut back their programmes now. Unless drastic changes were made, they can contribute but little toward accommodating the Air Force within the current sort of budget. Moreover, the role of the Army particularly and perhaps the Navy should be reappraised with a view to its being made more useful and suited to the tasks that seem logical for a middle power in peripheral areas rather than being designed primarily for a central role in nuclear war. Experience seems to be showing that modest, ready, mobile forces, of a nation whose motives are not suspected, can help to keep the peace.

"Cost Sharing" and Bomarcs

I have been convinced that we should have the two Bomarc bases proposed in the "Ottawa" sector. It is worrying to see how far the whole Bomarc complex, on the map, seems designed to defend the U.S. and its bases and not Canada, but it is probably too late to do much about this now, other than have the two Canadian bases in addition to the 30 or 32 in the U.S.

The Bomarc proposal almost inevitably requires we get the nuclear warheads from the U.S. on some negotiated basis under U.S. control and without paying for them. National Defence also proposes, and apparently External and Finance, that the U.S. be asked to provide us with the missiles themselves and perhaps the launching equipment. This is a new departure in Canadian policy. Ever since Lend Lease was invented in 1940 or 1941 we have seriously endeavoured to avoid having to get arms for Canadian forces for free from the U.S. In recent years as it became necessary to have some U.S. bases and installations in Canada, particularly the radar chain, this began to eat away at the edges of our traditional policy, so now Canadian forces are manning some bases in Canada where the construction and fixed equipment was provided by the U.S. Now we shall be going a major step forward in taking actual arms. No doubt this can be done without it being identified as "Mutual Aid" and without our having to make a mutual aid agreement as others do. However this is an important step which if followed by other steps could lead to a clearly dependent position for Canada and its forces. I am reluctantly forced to conclude we must do it, but you should recognize the significance of it, and the need for clarity and caution in undertaking it.

Sharing of Production

This should be related to our U.S.-Canadian defence cooperation, and you would do well to get Golden's views. I have urged him to develop some specific proposals for consideration as well as just general principles for Ministers to put up to the U.S.

R.B. B[RYCE]

70. DEA/50046-40

Note du ministre de la Production pour la défense pour le Comité du Cabinet sur la défense

Memorandum from Minister of Defence Production to Cabinet Defence Committee

DOCUMENT NO. D-10-58 [Ottawa], August 7, 1958

SECRET

SHARING OF PRODUCTION TASKS IN NORTH AMERICAN AIR DEFENCE

The new family of Air Defence Weapons Systems affecting Canada on which decisions are now required are the CF-105, Pinetree Radar Improvement, SAGE and Bomarc. Following very shortly will be a system for defence against Ballistic Missiles. These are joint U.S.-Canadian problems because Air Defence is concerned primarily with protecting the western deterrent — Strategic Air Command bases, and geography has placed Canada along the main avenue of any attack upon these bases. A secondary role for the defences is to protect the large centres of population in North America.

The speed of modern aircraft and of missiles, combined with the suddenness of any attack, demands defence systems of very great depth. This has led to the building of the Distant Early Warning Line on the northern limits of the Continent; the Mid-Canada Line on the 55th Parallel, to thicken up the warning system, and the Pinetree Line along the U.S.-Canada border, which not only provides another Warning Line, but which also exercises the function of control over the defending aircraft and missiles. The same system of defence in depth continues right on down into the heartland of the United States and spreads out on the other perimeters of the Continent from which an attack can come.

Speed also means that defences cannot cope with an attack on the present manual basis. Hence the move towards automaticity: the Semi-Automatic Ground Environment or SAGE, which will convert the Pinetree Line into partially automatic warning and control; the Automatic Flight and Fire Control System known as ASTRA on the CF-105; the Sparrow Air-to-Air missile and finally the adoption of Bomarc which is automaticity applied in its fullest form to an interceptor aircraft.

Several important consequences for Canada flow from this evolution of modern weapons. One of these is that the Americans are now interested in terms of their own defence in the installation on Canadian soil of not only Warning Lines and communications, but also actual weapons, such as Bomarcs, to bring down enemy bombers. However, the concept of area defence in depth, combined with the fact that the whole complex of radars, computers, communications, aircraft and missiles are part of a single defence system, indicates that no division can be made between air defence of Canada and air defence of the United States.

Another important consequence to Canada is the effect which this new round of North American defence projects will have upon our defence industry. If approved, these new equipments will present us with an entirely different set of problems from the Pinetree days, when we produced in Canada relatively unsophisticated radars of proven design, and with two thirds financed by the U.S.A. and one third by Canada. Now the rapidly accelerating pace of military technology, the greatly increased reliability demanded by completely different environmental conditions and the systems concept, impose a new set of ground rules on military production. Enormous resources in terms of men, money, machines and know-how are required to design, develop and produce a weapons system. This is stretching the capacity of all but major nations to finance, and all but major companies, or groups of companies, to manage. The complexity and interdependence of all component parts of weapons systems is such that extremely high technical and managerial competence and experience is required even to maintain, repair, overhaul and modify the equipments. Even if it is decided to pick up the fruits of U.S. development by payment of licensing fees, for the manufacture of the complete weapons system in Canada, the premiums, in terms of time and money, through tooling and engineering for our relatively small requirement, are becoming unrealistic.

The conclusion is that we should not attempt to set up for limited production in Canada of the whole range of new weapons systems thus involving ourselves in high costs as well as arguments with the United States, when they are sharing some of these costs. At the same time, economic and other considerations require that we participate in the spheres of research, development and production to the greatest extent possible. The solution seems to be that as Air Defence is a joint U.S.-Canada problem, we should share the production tasks associated with this on the basis of the most effective utilization of the joint resources of the two countries. This in turn leads to integrated military production with the United States, whereby Canada has allotted to it the production of certain components of weapons systems for the joint use of the two countries. Obviously, the best place to apply this is at the start of the eight year cycle required to produce a new weapons system. An example would be ballistic missile defence on which it would be desirable to sit down immediately with USAF procurement authorities to discuss integrated production. This would mean looking at the research, development and production resources on both sides of the border and allotting tasks. It is unrealistic to contemplate any significant Canadian participation or contribution to ballistic missile defence unless Canadian industry has earlier experience and continuity in the engineering and production of complex areas of electronics and missiles. At great cost, we have established considerable competence in these areas. This competence must be kept alive, up-to-date and expanded by working on other current programmes until ballistic missile defence work becomes active industrially.

The present weapons systems under discussion, such as Pinetree Radar Improvement, SAGE and Bomarc, are mostly fully developed, and in some cases, well into production runs in the United States. However, it is not too late to arrange some integrated production of components of the systems by Canada. A detailed examination by production authorities should take place immediately to establish Canadian participation as follows:

(1) Any second sourcing contemplated by the United States involving equipments which may be installed in Canada, should be established with Canadian industry unless there are very unusual and compelling reasons to the contrary. It is realized that the U.S. practice of second sources is now decreasing in importance and that opportunities in the future may not be very great in this direction.

(2) Determine whether prime sources for total North American requirements might be established in Canada for certain components in which we have capabilities.

(3) Look into actual requirements for installation on Canadian soil only, irrespective of who does the financing of equipments. Some equipments may be used in more than one weapons system.

(4) Examine the possibilities of sub-contracting from U.S. prime contractors to Canadian firms.

(5) Examine the possibility of developmental or engineering work being done in Canada, where this phase has not been completed or where modifications are required.

This is discussed more specifically in the Appendices "A" to "C" dealing with the individual programmes. Appendix "D" deals with the CF-105 which is a special problem.

It is suggested that the following should be the principles by which the procurement authorities of the two countries should be guided in determining the allocation of production tasks.

(1) Quantities sufficient to make up economic production runs.

(2) Capabilities — this would include ability to produce equipment which is technically satisfactory, in the time period required and at reasonable cost. Provided (1) above is met, it is felt that Canadian industry will shape up pretty well in this area.

(3) Maintenance of balanced Canadian defence industrial facilities in being so that they can play their part in an emergency.

Recognition should be given to the fact that Canada is going to be asked to participate in operating and maintaining highly complex weapons systems. The technological capability for this has its roots in an industry which can participate in the development and production of these weapons systems. We don't therefore want to be confined to construction activities, such as was the case in the Dew Line, but rather to branch out into both the engineering and manufacture of equipment. Furthermore, the word "balanced" used above, in reference to our defence industrial facilities, would mean that we should definitely have a part in the important new fields of missilery and electronics. In other words although it does not make economic sense to produce everything that is being installed in Canada, our industrial base should be as representative as possible of the types of weapons to be placed in Canada for North American defence.

Conclusions:

(1) Stationing of modern complex weapons in Canada requires a Canadian industry capable of maintaining, modifying, repairing and supporting the operation of these weapons.

(2) As future weapons systems seem to contemplate extensive use of missiles and complex electronics, every action should be taken to encourage maximum upgrading of our facilities in these fields.

(3) Under even the most favourable conditions, there will always be a significant U.S. content in Canadian production programmes. Therefore we should exercise every effort to get Canadian components into U.S. equipments.

(4) Considerable strides have been made in integrating Canada-U.S. defence. The logical corollary to this is greater achievement in integrated production.

A brief examination of the past few years indicates that policy agreement between the two countries on collaboration in defence production is by no means lacking. Starting with the Hyde Park Declaration of April 1941[118] and following through the agreement of May 1945 for the continuation of the principles of the Hyde Park Declaration and reaffirmed for the post war period in the "Statement of Principles for Economic Co-operation" of October 1950,[119] agreement in principle was reached between the two countries that their economic resources should be co-ordinated for defence.

Perhaps the clearest statement of this principle is contained in the following excerpts from the exchange of notes of October 1950, giving formal effect to the "Statement of Principles of Economic Co-operation":

---

[118] Voir Canada, *Recueil des Traités*, 1941, N° 14./See Canada, *Treaty Series*, 1941, No. 14.

[119] Voir Canada, *Recueil des Traités*, 1950, N° 15./See Canada, *Treaty Series*, 1950, No. 15.

"It is agreed that our two Governments shall co-operate in all respects practicable and to the extent of their respective executive powers, to the end that the economic effort of the two countries be co-ordinated for the common defence, and that the production and resources of the two countries be used for the best combined result."

One of the important principles set out in the note was the following:

"In order to achieve an optimum production of goods essential to the common defence, the two countries shall develop a co-ordinated programme of requirements, production and procurement."

It will be seen that there is an extensive background of policy agreement between the two governments to collaborate in military production problems. The original impetus to these agreements stemmed however from balance of payments difficulties, real or apprehended. In the Korean period practical effect was given to the agreement mainly in the areas of working out of priorities and allocation of scarce materials.

The practicability clauses in diplomatic notes since 1950 have attempted to guarantee a proper share for Canadian industry of U.S. financed equipment installed on Canadian soil. This, however has been a piecemeal approach to a problem which is very broad in its scope. Furthermore as formal agreement in diplomatic notes usually comes at a fairly late stage in the development of equipment required for a particular defence project, Canadian industry often does not have the lead time necessary to prepare for production.

Some progress has been made recently with the United States Air Force whereby procedures have been worked out for consideration of Canadian firms for electronic Research and Development work. Although a modest step, this is in the right direction and it is hoped that in the years to come some benefit for Canadian industry will be felt.

Against this background of general policy agreement, and of some minor practical steps towards integrating Canadian and U.S. industrial resources, it is felt that high level impetus should be given to the concept of common programmes in the area of North American defence, whereby one country produces for the other.

Now that the introduction of a new family of weapons systems for the defence of North America requires some re-appraisal of our overall position vis-à-vis the United States in the area of costs, it is recommended that this opportunity be taken to discuss the sharing of production tasks between Canadian and U.S. industry for weapons systems proposed for the defence of North America.

[RAYMOND O'HURLEY]

Appendice A

Appendix A

SECRET

PINETREE RADAR IMPROVEMENT

This program consists of four phases:

(a) Producing and installing new FPS 6 radars as improved height finders at certain existing sites.

Producing and installing new FPS 20 radars for improved search range at existing sites.

(b) The construction of seven new radar sites equipped with these new height finders and search radars.

(c) The installation of 51 gap filler radars FPS 18 at sites in between the main radars.

The main radar sites in the U.S. follow the pattern of Bomarc, i.e. mainly round the perimeter with some interior sites. The number of such sites is not exactly known but it is such that their production orders are numbered in hundreds compared with our tens.

It would be logical therefore to recommend for production in Canada those types of radar which will be required at most of the Canadian sites. These are the FPS 6 and FPS 20, which are already in production in Canada and the FPS 18.

Following a general agreement on the overall policy, a general conference on this Radar Improvement Program is needed with the USAF to facilitate Canadian participation in integrated production programs.

Appendice B

Appendix B

SECRET

SAGE

SAGE consists of:

(a) Direction Centres comprised of a building, power station, a big computer designated FSQ 7, and personnel accommodation,

(b) Combat Centres consisting of a building, power station, another big computer designated FSQ 8, and personnel accommodation. (Twenty-nine such Direction Centres in the continental plan are controlled from seven Combat Centres; the most north-easterly Combat Centre is required to be located in Canada and this will control one Direction Centre also to be located in Canada, and the most northeasterly Direction Centre in the U.S. to be located at Bangor, Maine).

(c) Data Processing equipments designated FST 2 at all main radar sites and smaller FST 1s at gap fillers turn the target data at the radars into a digital form which can be transmitted back to the Direction Centres.

(d) Ground-to-air data transmitters designated GKA 5, located at interceptor bases which will transmit instructions received from the Direction Centres to the interceptors (manned or unmanned).

(e) Ground-to-ground communications which will connect FST 2s to FSQ 7s, FSQ 7s to FSQ 8s, and FSQ 8s to GKA 5s.

In the case of Western Canada it will be appreciated that these surface communications will be running south from main radar sites in Canada to Direction Centres in the U.S., while in the East, communications will come up from Bangor and from radar sites in the U.S. and Canada into the Direction Centre and Combat Centre in Canada, and thence to interceptor bases.

Here again it will be appreciated that the SAGE equipment to be installed in Canada is only part of a much larger production and installation program in the U.S.

It will be seen from this very brief summary that some equipments, such as the big computers, will only be required in limited quantities for installation in Canada while other equipments, such as the SAGE data processors FST 2 and ground-to-air transmitters GKA 5 will be required in reasonable quantities in Canada.

From an economic production point of view, the latter are the types of equipments for which we should engineer and tool for production in Canada, while the former, i.e. computers FSQ 7 and FSQ 8 should be obtained from the U.S. Canada may well be able to provide some components of the large computers if orders are received in reasonable quantities. These computers are very large equipments whose manufacturing cost alone is of the order of $20 million for the FSQ 7 and $15 million for the FSQ 8. The computing portions contain very large numbers of similar subassemblies, and there are also a large number of display consoles. In 1956 International Business Machines Company Inc., the U.S. manufacturer, agreed that in both areas of subassemblies and display consoles Canada could participate on a subcontract basis from them. Yet they cannot plan such sub-contracts without direction from USAF HQs and USAF AMC.

There is therefore need for an early discussion with the procurement and production Directorates of the USAF to determine just what direction should be given to the companies in this field. But such discussions at the official level can only follow policy meetings at Cabinet level in both countries.

Appendice C

Appendix C

SECRET

BOMARC

The content and cost of a Bomarc base is very approximately:

Fixed		
Building and Power Station		$ 15 million
Launchers		$ 15 million
Test Equipment		$ 15 million
Installation		$ 10 million
		$ 55 million
Airborne		
60 Missiles	0.5 × 60 =	$ 30 million
60 Warheads	0.25 x 60 =	$ 15 million
60 Ramjets	0.10 x 60 =	$ 6 million
		$ 51 million

The USAF is providing between 36 to 40 bases around the perimeter of the U.S. and the U.S. Corps of Engineers is responsible for the site construction. A full base squadron is designed for 120 missiles but the bases are being initially equipped with 60 missiles.

Boeing Aircraft of Seattle had the contracts for development and preproduction and are now commencing a production program for 4800 commencing with the model IM99A. The costs we have quoted are those Boeing expect to reach when half-way along the first production run of 2400, i.e. at the 1200th missile. Hence two such half bases in Canada would cost about $200 million.

With regard to physical Canadian participation in the setting-up of these two bases Defence Construction Ltd. could undertake the work involved in site survey, building construction and power house. Several mechanical engineering companies in Canada could undertake the construction of the steel launchers. Other Canadian companies, such as Honeywell Controls of Toronto could handle the pneumatic controls associated with the launchers.

With regard to the missiles themselves the Canadian requirement appears to be about one-twentieth or 5% of the U.S. and the cost of setting up a second manufacturing source in Canada might be of the order of $100 million. For the limited Canadian requirements this does not appear to be economically justifiable. However if some U.S. requirements were added the position would be changed. Therefore if it is in the joint interest of Canada and U.S. to set up a second source Canada should be selected for this source.

This source could then provide units for both sides of the border and undertake Repair and Overhaul work as required in Canada. Time itself is not an argument against setting up a second source since it is estimated that it takes three years to set up a base whereas missile deliveries could be achieved in about 33 months.

However the missile comprises a number of major components, such as:

> Target Seeker; Command Receiver & Decoder; Guidance Beacon; Coordinate Convertor; Manoeuvre Control; Battery Power Supply; Inverter; Dynameters; Rocket Motor; Hydraulic Assembly; Cooling System; Wings, Fins & Structure Radome; Ramjet Engines; Fuel Tank & Helium Bottle; Warheads.

Several of the companies involved in the manufacture of these components have affiliates in Canada and if second sources for components only are considered desirable they could be arranged without questions of patents and proprietary rights arising.

Furthermore in the particular case of the Command Receiver & Decoder this may very well, in its final form, be the same as that to be installed in the Arrow for the same purpose, viz course control.

What is now urgently needed before any further action is taken in the U.S. to set up second sources is a conference with USAF to determine precisely what the above components are and what items could economically be produced in Canada. Inherent in this is the concept that production in Canada would be a second source, i.e. would supply not only missiles being assembled for the two Canadian bases but also the missiles for U.S. bases.

An agreement must first be reached that there will be a certain proportion of Canadian production on Bomarc missiles themselves so that we ensure some logistical base in this country and some know-how in this field.

Appendice D

Appendix D

SECRET

THE ARROW/IROQUOIS/ASTRA/SPARROW WEAPON

It has been previously indicated that a complete Air Defence Weapon System comprises a series of radar lines for detection, data processing equipment, communications to transmit this radar data to Command Centres where computers calculate interception courses, communications out to ground-to-air data transmitters and interception bases, and finally the interceptors themselves manned or unmanned. The Integrated Air Defence System of North America involves the joint use of these manned or unmanned interceptors, and the above Arrow/Sparrow weapon was designed to meet the specific requirements of the Canadian perimeter of the North American Defence area.

In 1951 the earlier interceptor, the CF 100, was developed and produced, armed with guns and rockets, to meet the threat envisaged at that time, but the complex fire and flight control subsystems were purchased from the U.S. In 1955 the decision was taken to equip the new weapon, the CF 105, with automatic fire, automatic flight control and automatic communication-navigation-identification subsystems made in Canada.

In order to take advantage of the considerable American expenditure and experience in this field the development of this integrated electronic system was placed in the U.S. with some subcontracting in Canada, but plans for its production in Canada have been initiated and considerable sums committed for this purpose. On the strength of this the Canadian electronics industry has been building up its engineering skills and preparing its production facilities.

Any suggestion that the ASTRA program be abandoned would have a tremendous physical and psychological effect on our industry, put the clock back to 1951 and leave us again with an unbalanced production base. Retreat now from the plans which have been worked out with so much effort would effectively eliminate future Canadian participation in the more sophisticated electronics system of the future.

Large production runs in the U.S. for radars, computers and interceptors result in lower unit costs and make it possible to utilize effectively a large defence industrial base. In the case of the Arrow/Sparrow Weapon System, if the military requirement is for the equipment of five interceptor bases in Canada with this weapon, any cutback to meet the restrictions of the Budget can only result in increasing the overhead to be carried by the shorter runs, and in partial equipment of the bases.

The present estimated cost of completing the development and preproduction of the weapons system is $862 million of which $476 million has been committed so far. This expenditure is to provide a proven design and facilities which can turn out production. If the plan for equipment of nine squadrons (169) is pursued, the unit production costs will be of the order of eight million dollars per weapons system, giving a total production cost of approximately $1400 million. If the plan of producing 61 aircraft only is adopted, the unit costs will be of the order of nine and a half million dollars, and the total production cost will be of the order of $600 million.

If, however, the development and preproduction costs are amortized over the production runs, the cost per weapons system increases from $13 million for the plan of 169 to $24 million for reduced production of 61. This indicates a doubling of overall costs for production of only sixty-one aircraft, and the figures speak for themselves.

If it is possible to get the United States to purchase Arrow Sparrow Weapons Systems, or if alternately we wished to make an offer of the systems to the United States, for use in other perimeter areas, the overall cost per weapons system would be still further reduced.

Any suggestions that economies might be achieved by replacing the ASTRA electronics system and the Sparrow missile by some proven system and missile presently under manufacture in the United States should be treated with reserve. Leaving aside the very great problems which would be created by abandoning Canadian production, and purchasing these units in the United States, the matching of a new aircraft electronics system and a missile to the Arrow airframe is in itself a development program of some magnitude.

71. DEA/50245-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs
to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], August 8, 1958

CF-105

This morning I had a telephone call from General Foulkes to let me know, in the strictest confidence, that Mr. Pearkes had just decided to recommend to Cabinet against continuance of the CF-105 programme. Mr. Pearkes' decision had been taken as a result of his visit to Washington, where he had apparently been impressed by the disparity between the unit cost of the CF-105 and of comparable interceptors that might be available before long for purchase in the United States. Apparently also, the United States authorities had expressed some doubt as to whether or not so many squadrons of interceptors would be required in the northern half of North America as the Department of National Defence had been assuming.[120]

2. On his return to Ottawa, Mr. Pearkes consulted the Prime Minister, and Mr. Diefenbaker agreed that the CF-105 programme should be dropped. Accordingly, the Department of National Defence has revised the papers it had prepared for submission to a meeting this week of the Cabinet Defence Committee. Since speaking to me on the telephone this morning, General Foulkes has sent me on a personal basis a copy of the revised paper.[121] It is available at any time for your perusal; but I thought you would agree that it should first be seen by the Defence Liaison (1) Division.

3. I suggest that you might want to show this memorandum to the Minister, if you have not already informed him of the decision taken by the Department of National Defence.

D.V. LEP[AN]

---

[120] Pour un compte rendu des discussions de Pearkes avec les fonctionnaires des États-Unis à Washington les 4 et 5 août 1958, voir United States, Department of State, *Foreign Relations of the United States, 1958-1960, Volume VII, Part 1*, pp. 722-724.

For an account of Pearkes' discussions with United States officials in Washington on August 4-5, 1958, see United States, Department of State, *Foreign Relations of the United States, 1958-60, Volume VII, Part 1*, pp. 722-724.

[121] Voir le document suivant./See following document.

72. DEA/50046-40

Note du ministre de la Défense nationale
pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence
to Cabinet Defence Committee

DOCUMENT NO. D-9-58 [Ottawa], August 8, 1958[122]

SECRET

AIR DEFENCE REQUIREMENTS

Introduction

1. A recent re-assessment of the threat to North America during the period 1960-67 indicates that manned bomber aircraft will continue to pose a threat during this period, though ICBMs will progressively replace them as the primary threat. Both US and Canadian planning envisage that during this period the Air Defence Weapon System against the manned bomber should be composed of manned fighters and surface-to-air missiles; the manned fighters provide flexibility and sustained defence, while the missiles provide a higher attrition against aircraft. This submission deals with the measures necessary to round out the defence against the manned bomber.

Bomarc

2. For the Canadian Air Defence System, the long range surface-to-air missile is regarded as the most economical and effective missile. Its range permits large areas to be covered from a single base, as well as enabling the missile to destroy the enemy bomber before it is close enough to its target to launch its air-to-surface missiles. Bomarc is considered to be the best long range surface-to-air missile for Canada because its range meets our needs and its control requirements are compatible with the proposed control facilities.

3. The results of joint Canada-United States studies on weapons deployment demonstrate the need for two Bomarc bases in Canada in the Ontario and Quebec area. These bases form part of a Canada-US plan for a continuous system of missile defence from coast to coast designed for the protection of the principal targets in North America. Inasmuch as these two bases are located in Canada and will provide substantial defence to Canadian targets, it is considered important for Canada to participate in this commitment. The United States Air Force has indicated a willingness to share the cost of these two Bomarc bases in Canada. Details and costs are shown in Appendix "A".

Air Defence — CF105 (Arrow) Aircraft Programme

4. At the meeting on 29 October, 1957, Cabinet approved the continuation for another twelve months of the development programme for the Arrow (CF-105) (eight) aircraft, including the ordering of 29 preproduction aircraft, improvement of tooling for the aircraft, acceleration of the development of the Iroquois engine, and continuation of the necessary related programmes.

5. A project of this nature logically progresses in two phases, the first being the design, development and preproduction phase. The second is the production phase for squadron

---

[122] Note marginale :/Marginal note:
As amended by corrigendums of 11th and 13th August. G. P[earkes]

service. The two phases are complementary and overlap. The first phase is now well advanced and, to ensure continuity, the production programme should be initiated shortly. A progress report is attached at Appendix "B".

6. This aircraft is now in the test flying stage and flights to date indicate it will meet its design requirements. The engine (Iroquois) for the aircraft, which is part of the Arrow programme, is also undergoing air tests. These tests indicate that it also will meet its design requirements.

7. The RCAF now has nine all-weather squadrons with a combined total of 169 aircraft. These squadrons are located on five bases across Canada. The present programme calls for the re-equipping of all nine squadrons with the Arrow which presents a requirement, with training and logistic backup, for a production order of 169 Arrow aircraft at a total cost of two billion dollars extended over the period 1959/60 to 1963/64. The costs for the air defence programme on this basis are shown at Appendix "C".

8. A study of the financial implications of continuing this programme and its impact on the overall defence programme, and the necessity of giving consideration to future requirements such as defence against intercontinental ballistic missiles have necessitated a study of alternative plans.

9. The Chiefs of Staff have considered various alternatives:

(a) Reduction of the number of Arrow aircraft from 169 to 60, which, with those available from the existing order of 37 aircraft, will permit the re-equipping of five squadrons on the five bases and provide a number of aircraft for training and logistic backup; and the introduction of Bomarc missiles on two sites in Canada. The costs for the air defence programme on this basis are shown at Appendix "D".

(b) Completing the Arrow development and completing the 37 preproduction aircraft, arming these aircraft with the MB1 rocket or some other readily available air-to-air missile, and installing two Bomarc sites in the Ottawa - North Bay area. Costs are shown in Appendix "E".

(c) Discontinuing the Arrow aircraft programme and associated equipment, and introducing a complete surface-to-air missile project, for the defence of the Canadian area; or a combination of manned interceptor aircraft and missiles, procuring a proven interceptor aircraft which has been fully developed. Approximate costs are shown in Appendix "F".

10. After very careful consideration of the various alternatives, the Chiefs of Staff have come to the conclusion that any plan involving going into production of the CF105 would require expenditures in the order of $350 million in the fiscal years 1959/60, 1960/61 and 1961/62. The effect of limiting the numbers of aircraft would bring the cost of the individual aircraft from $4.5 or $5 million to $9 or $10 million per copy, not taking into account amortizing the cost of development and preproduction. The Chiefs of Staff have doubts as to whether a limited number of aircraft at this extremely high cost would provide defence returns commensurate with the expenditure in view of the changing threat, especially between the years 1962 and 1967. Consideration has been given as to whether or not the CF105 programme, including associated weapons systems, should be discontinued immediately; or whether the development and completion of the 37 preproduction aircraft should be proceeded with in the hope that a return could be achieved from the funds already spent on this project. To complete the development and preproduction order of 37 aircraft would cost in the neighbourhood of $475 million and would not provide sufficient proven aircraft to form and maintain one effective operational squadron. Therefore to meet any requirement for interceptor aircraft, it would be more economical to procure a suitable number of proven aircraft which have been developed.

Recommendations

11. I recommend that the air defence programme be revised as follows:

(a) Authority be granted for the cancellation of the CF105 Arrow programme and associated fire control and weapons systems projects.

(b) Approval in principle be given to:

(i) the installation of 2 Bomarc bases in the Ottawa - North Bay area;[123] and

(ii) the installation of two additional heavy radars in Northern Ontario and Quebec and the installation of the associated gap filler radars. Details are shown in Appendix "G".

(c) The Chiefs of Staff to investigate and submit proposals for:

(i) any additional missile installations required; and/or

(ii) any additional interceptor aircraft of a proven, developed type that may be required in lieu of the CF105.

(d) Authority be granted to commence negotiations with the United States for cost-sharing and production on the following items:

(i) the installation of 2 Bomarc bases in the Ottawa - North Bay area; and

(ii) the installation of 2 heavy radars in Northern Ontario and Quebec and the installation of gap filler radars.

[GEORGE PEARKES]

Appendice "A"

Appendix "A"

SECRET

BOMARC BASES IN THE ONTARIO & QUEBEC AREA

1. Joint Canada-United States studies on weapons deployment demonstrate the need for two Bomarc bases in Canada in the Ontario and Quebec area. The agreed requirement is for each base to consist of 120 missiles. For budgetary reasons the United States are now planning to restrict their programme to 60 missiles per base. It is considered, therefore, that the Canadian programme at this time should consist of a unit of 60 missiles at each base.

2. The USAF has indicated a willingness to share the cost of the two Canadian Bomarc bases. No firm cost-sharing formula has yet been established, but it is considered that an eventual agreement could be reached within the bounds of the following proposals:

(a) the US would provide the missiles and the RCAF would meet the remainder of the capital costs and would be responsible for manning and all recurring costs of operation. The total capital costs of this programme would be approximately $164 million, of which the US would contribute $60 million and the RCAF $104 million;

(b) The US would provide the launchers and support equipment in addition to the missiles, and the RCAF would meet the remainder of the capital costs and would be responsible for manning and all recurring costs of operation. The total capital cost would be approximately $156 million, of which the US would contribute $124 million and the RCAF $32 million. Annual operating costs of approximately $12 million per year would be additional but would not reach this full amount until the fiscal year 1961/62.

---

[123] Note marginale :/Marginal note:
subject to the satisfactory conclusion of negotiations with respect to ... [Jules Léger]

3. The costs above are based on Canadian costs for construction and US costs for manufactured equipment. The difference in total costs of the two proposals is due to the fact that no customs and excise taxes have been included for launchers and support equipment in the second proposal.

4. If the Canadian Authorities should decide to employ nuclear weapons in the air defence system, the USAF will provide nuclear warheads for the Bomarc. The cost of the warheads is approximately $24 million. This cost is over and above the total capital cost and the US contribution would, therefore, increase by this amount. The problem of nuclear storage and the use of nuclear warheads in Canada will be the subject of a separate submission after further discussion with the US authorities.

5. Expenditures for the full programme would be phased as follows:

1958/59	1959/60	1960/61	1961/62
4.0	55.0	85.0	20.0

Appendice "B"

Appendix "B"

SECRET [Ottawa], July 23, 1958

REPORT ON THE STATUS OF DEVELOPMENT OF THE ARROW WEAPON SYSTEM
(37 AIRCRAFT)

1. *Arrow Weapons System*: This consists of:

(a) Arrow 1 (P&W J75 Engines)
(b) Arrow 2 (Iroquois Engines)
(c) Iroquois Engines
(d) Astra Electronic System
(e) Sparrow 2 Missiles

2. *Development Objectives*: The object of the development programme is to have aircraft into operational squadrons commencing in Jan 61.

3. *Current Status*: The present status of the various parts of the Weapon System Development Programme is as follows:

(a) *Arrow 1: 5 Aircraft*

Materiel Procurement:	100% complete
Tooling:	100%
Fabrication:	
(i) component parts:	100%
(ii) assembly: 4 aircraft assembled 1 aircraft assembled by Sep 58	
Component testing:	100%
System testing:	75%
Flight testing: 10 ½ hours flying on the 1st a/c	

(b) *Arrow 2: 32 Aircraft*

Materiel Procurement:	70% ordered
Tooling:	80%
Fabrication: Components for #1 a/c	100%
Detail parts: in various stages of completion	
Component Testing:	70% completed from Arrow 1 30% outstanding
System Testing:	20% completed from Arrow 1 80% outstanding
Flight Testing:	None: 1st Mark 2 a/c is scheduled to fly Apr 59

(c) *Iroquois Engine: 110 Engines*

Materiel Procurement:	1st 14 engines:	100%
	next 9 engines:	60%
	next 20 engines:	100% ordered
	remainder: none	
Tooling:	80%	
Fabrication:	14 engines completed	

Ground Testing:

(i) Test Bed

5800 hrs running completed of an estimated 8000 required for passing a type test in July 59. At this point the development of engine is complete.

(ii) Altitude wind tunnel: 130 hrs completed.

A further 135 hrs to be completed by Jan 59.

Flight Testing:

4 hours in a B-47 flying test bed.

(d) *Astra Electronic System*: 46 Sets (Development 6 — Use 34 — Spare 6)

Materiel Procurement:	1st 6 sets:	100%
	next 40: Procurement just started	
Tooling:		
(i) Major components such as the antenna:		100%
(ii) Sub-systems such as air data computer:		being fabricated.
Fabrication:		
1st 3 sets:		100%
next 4 sets:	various stages of completion	
remaining sets:	not started	
Component Testing:	various components under test for last 1 ½ years.	
System Testing:	3 sets under test at present	
Flight Testing:	A few components have been flight tested in CF100 aircraft. The first system will be tested in a transport aircraft starting Sep 58. First systems tests in Arrow aircraft scheduled to start Mar 59.	

(e) *Sparrow 2: 387 Missiles*

Material Procurement:	Canadair:	25% complete
	Westinghouse:	40%
	All sub contracts for components not made at Canadair or Westinghouse are let.	
Tooling:	Canadair:	90%
	Westinghouse:	100%

Fabrications:
(i) 23 missiles delivered from the Douglas Aircraft Company's contract for 87
(ii) 1st Canadair Prototype missile 75% complete
(iii) 5 Westinghouse prototype seekers complete
(iv) 102 Canadair produced simulated missiles completed.
(v) Test equipment: 60%
Component Testing: 25%
Flight Testing: None completed; however, arrangements have been made for use of facilities at US Navy missile Test Center, Point Mugu, Calif., effective 1 Jul 58 and RCAF Detachment and a contractors team have been formed.

4. *Financial Status*: A financial summary is given in the attached Annex I. This shows:

(a) Cash expenditure to 30 Jun 58	$267.1M
(b) Commitments to 30 Jun 58	$381.7M
(c) Future years spending	$595.5M
(d) Total program cost	$862.67M

5. *Base Facilities*: Flight Testing will be conducted at Cold Lake. Operational Squadrons will be stationed at Uplands, North Bay, St. Hubert, Bagotville, and Comox. Improvements to hangars, runways and aerodrome facilities to handle the Arrow at all these bases will amount to approximately $20M, or an average of $3M to 4M per base.

Annexe I

Annex I

SECRET

ITEM	CUMULATIVE 20 JUN 58	AMOUNT ON CD	AMOUNT COMMITTED BY DDP	58/59 FROM 1 JUL 58 TO 31 MAR 59	59/60	60/61	61/62	62/63	TOTAL TO BE SPENT FROM 30 JUN 58	TOTAL PROGRAMME
AIRFRAME	126.472	217.929	155.192	82.545	117.931	51.329	–	–	252.805	379.277
ENGINE	92.192	142.031	111.260	47.525	50.106	.576	.456	–	98.657	190.849
ASTRA	22.129	81.941	73.126	43.123	68.384	60.069	11.605	3.081	182.262	208.391
J75 AND GSM	8.568	10.720	8.900	.732	1.460	–	–	–	2.192	10.760
SPARROW	17.772	63.324	33.203	23.600	20.100	10.200	1.800	–	55.628	73.400
TOTALS ARROW AND SPARROW	267.133	515.945	381.681	197.525	257.981	122.174	13.861	3.081	595.544	862.677

Appendice "C"

Appendix "C"

SECRET [Revised], August 13, 1958

COST OF PRESENT PLANNED AIR DEFENCE PROGRAMME PRODUCTION ORDER OF 169 ARROW AIRCRAFT

	Expenditures to 31 Mar 58	Forecast Total Future Capital Expenditures	FORECAST EXPENDITURES BY FISCAL YEARS					
			1958/59	1959/60	1960/61	1961/62	1962/63	1963/64 & Future Yrs.
ARROW								
Preprod.37 a/c	221.0	568.2	203.2	237.9	112.0	12.1	3.0	–
Production 169 a/c	–	1183.0	4.2	122.3	300.8	313.7	274.0	168.0
SPARROW								
Preproduction	15.1	58.3	26.2	20.1	10.2	1.8	–	–
Production	–	209.2	–	5.4	24.0	43.5	51.1	85.2
Additional Facilities CF105	–	34.4	–	5.2	7.2	7.0	9.0	6.0
Bomarc 2x60 – Estimated total cost	–	164.0*						
Additional Radars & Gap fillers	–	35.2						
Sage Estimated Cost	–	108.0*						
Total Capital Costs	236.1	2360.3						

* – These figures are estimated total cost – no cost sharing has been taken into consideration.

NOTE: Cancellation charges if present programme cancelled 1 Sep 58 is estimated to be for Arrow $145M and for Sparrow $24.0M.
Of these amounts $55.6M and $11.4M respectively will have been spent from 1 Apr 58 to cancellation date.
The balance of $89.4M and $12.6M respectively to be expended on cancellation charges from 1 Sep 58 were agreed upon with DDP as a maximum estimate. DDP opinion is that the total balance could be as low $80M.

Appendice "D"

Appendix "D"

SECRET [Revised], August 13, 1958

COST OF ALTERNATIVE AIR DEFENCE PROGRAMME PRODUCTION ORDER OF 60 ARROW A/C

	Expenditures to 31 Mar 58	Forecast Total Future Capital Expenditures	FORECAST EXPENDITURES BY FISCAL YEARS					
			1958/59	1959/60	1960/61	1961/62	1962/63	1963/64 & Future Yrs.
Arrow Preprod. (37)	221.0	568.2	203.2	237.9	112.0	12.1	3.0	–
Arrow Production (60)	–	480.0	4.0	114.0	201.0	126.0	35.0	–
Sparrow	15.1	170.3	26.2	21.1	24.2	33.8	50.0	15.0
Additional Facilities CF105	–	34.4	–	5.2	7.2	7.0	9.0	6.0
Bomarc 2x60 – Estimated total cost	–	164.0*						
Additional Radars & Gap fillers	–	35.2						
SAGE – Estimated Cost	–	108.0*						
Total Capital Costs	236.1	1560.1						

* – These figures are estimated total cost – no cost sharing has been taken into consideration.

NOTE: Cancellation charges if present programme cancelled 1 Sep 58 is estimated to be for Arrow $145M and for Sparrow $24.0M.
Of these amounts $55.6M and $11.4M respectively will have been spent from 1 Apr 58 to cancellation date.
The balance of $89.4M and $12.6M respectively to be expended on cancellation charges from 1 Sep 58 were agreed upon with DDP as a maximum estimate. DDP opinion is that the total balance could be as low $80M.

Appendice "E"

Appendix "E"

SECRET [Revised], August 13, 1958

COST OF ALTERNATIVE AIR DEFENCE PROGRAMME
COMPLETE PREPRODUCTION ORDER ONLY — 37 ARROW AIRCRAFT
C/W MG13FCS/MB1/IROQUOIS

	Expenditures to 31 Mar 58	Forecast Total Future Capital Expenditures	FORECAST EXPENDITURES BY FISCAL YEARS					
			1958/59	1959/60	1960/61	1961/62	1962/63	1963/64 & Future Yrs.
Arrow 37 aircraft	221.0	419.0	165.9	188.0	61.0	5.0	–	–
Sparrow Cancellation (From 1 Apr 58)	15.1	24.0	18.0	6.0	–	–	–	–
Astra Cancellation (From 1 Apr 58)	–	20.5	15.0	5.5	–	–	–	–
231 MB1 c/w Warhead	–	84.4	.1	.4	10.0	53.9	20.0	–
Additional Facilities	–	19.4	–	4.2	5.2	3.5	3.5	3.0
CF105								
Bomarc 2 x 60								
Estimated total cost	–	164.0*						
Additional Radars and Gap fillers	–	35.2						
SAGE								
Estimated Total Cost	–	108.0*						
Total Capital Costs	236.1	874.5						

* – These figures are estimated total cost – no cost sharing has been taken into consideration.

Appendice "F (1)"

Appendix "F (1)"

SECRET [Revised], August 13, 1958

COST OF ALTERNATIVE AIR DEFENCE PROGRAMME
CANCEL ARROW/SPARROW, ADD TWO ADDITIONAL BOMARC SITES

	Expenditures to 31 Mar 58	Forecast Total Future Capital Expenditures	FORECAST EXPENDITURES BY FISCAL YEARS					
			1958/59	1959/60	1960/61	1961/62	1962/63	1963/64 & Future Yrs.
Arrow Cancellation Charges (from 1 Apr 58)	221.0	145.0	120.0	25.0	–	–	–	–
Sparrow Cancellation Charges (From 1 Apr 58)	15.1	24.0	18.0	6.0	–	–	–	–
Bomarc 2x60 – Estimated total cost	–	164.0*						
Additional Bomarc								
West Coast 1 x 60	–	88.3						
Tie into Existing SAGE	–	6.0						
East Coast 1 x 60	–	87.0						
Tie into SAGE Sector	–	6.0						
Additional Radars & Gap Fillers	–	35.2						
SAGE								
Estimated Total Cost	–	108.0*						
Total Capital Costs	236.1	663.5						

* – These figures are estimated total cost – no cost sharing has been taken into consideration.

Appendice "F (2)"

Appendix "F (2)"

SECRET [Revised], August 13, 1958

COST OF ALTERNATIVE AIR DEFENCE PROGRAMME CANCEL ARROW/SPARROW, AND 100 F106C AIRCRAFT

	Expenditures to 31 Mar 58	Forecast Total Future Capital Expenditures	FORECAST EXPENDITURES BY FISCAL YEARS					
			1958/59	1959/60	1960/61	1961/62	1962/63	1963/64 & Future Yrs.
Arrow Cancellation Charges (from 1 Apr 58)	221.0	145.0	120.0	25.0	–	–	–	–
Sparrow Cancellation Charges (From 1 Apr 58)	15.1	24.0	18.0	6.0	–	–	–	–
100 — F106C Aircraft c/w Weapons System – ** US Production	–	457.0	–	114.0	160.0	137.0	46.0	–
Additional Facilities F106C A/C	–	34.4	–	5.2	7.2	7.0	9.0	6.0
Bomarc 2x60 – Estimated total cost	–	164.0*						
Additional Radars & Gap Fillers	–	35.2						
SAGE Estimated Total Cost	–	108.0*						
Total Capital Costs	236.1	967.5						

* – These figures are estimated total cost – no cost sharing has been taken into consideration.

NOTE: ** Increased cost for Canadian Production $74.3 M.

Appendice "G"

Appendix "G"

SECRET

EXTENSION OF PINETREE RADAR SYSTEM NORTHWARD EXTENSION — CANADIAN PROGRAMME

1. There is a requirement for additional radar coverage in certain important areas of Canada to allow for the full utilization of the Air Defence weapons system of NORAD. One such area is in Western Canada from the Rocky Mountains east to Lake Winnipeg, and this requirement has been covered in a separate submission dealing with the United States portion of the programme. The other area lies Northwest of the Ontario/Quebec industrial complex. The radar sites involved are in the vicinity of Moosonee, Ontario, and Chibougamau, Quebec.

2. The physical characteristics of a heavy radar are such that at approximately 100 statute miles (87 nautical miles) from the site the bottom of the radar beam is 5,000 feet above the ground. Consequently, between adjacent radars there is a gap between ground level and the bottom of the beam of the main radars through which a low flying bomber could penetrate the defences undetected. In order to fill this gap and also provide data for the control of weapons, small unattended radars are a requirement.

3. A joint survey was carried out last summer, and it was found that 45 gap filler radars would be required. Six of these in the Ottawa SAGE Sector are of prime interest to Canada, and are located approximately as follows: La Tuque, Quebec; Lac-du-Loup,

Quebec; Manton River, Ontario; Biscotasing, Ontario; Timmins, Ontario; and Belle Terre, Quebec. The remaining 39 located in other parts of the Pinetree system are in the areas of the US-financed heavy radars and are covered in a previous submission, referred to in paragraph one concerning the United States programme.

4. It was proposed in a previous submission that the United States should pay the full cost for the five western radars. It is now proposed that costs be shared with the United States for:

(a) the installation of two heavy radars and associated equipment in Quebec and Northern Ontario at an estimated cost of $32. M

(b) the installation of six gap filler radars in the Northern part of the Ottawa SAGE Sector at an estimated cost of $3.2 M.

5. The total cost of this full programme is $35.2M. and expenditures would be phased as follows:

1958/59	1959/60	1960/61	1961/62	1962/63
–	6.5	19.0	8.5	1.2

---

73. DEA/50046-40

Note du ministre des Finances
pour le Comité du Cabinet sur la défense

Memorandum from Minister of Finance
to Cabinet Defence Committee

DOCUMENT NO. D-12-58 Ottawa, August 13, 1958

SECRET

SOME CONSIDERATIONS RELATING TO THE DEFENCE PROGRAMME

1. With the growing cost and complexity of weapons and weapons-systems, Canada will never again be able to initiate and develop an important weapon of her own. The Arrow (CF105) will be the last. New developments in Canada's defence effort must be even more closely intermixed with that of the United States than heretofore — both as regards armed forces and as regards defence production and, by implication, as regards defence finance.

2. This intermixing will raise, indeed is already raising, questions regarding Canadian "independence." Can we find, in North America, a "defence posture" in which we are closely seen to be standing on our own feet? This question has three aspects, all of them with financial implications:

(i) By what means, in such a mixed-up situation, can the Canadian Government establish the fact, in the minds of Parliament, Congress, and the public north and south of the border, that Canada is really doing her share, and pulling her weight, in the defence of North America and the rest of the free world? This question may be particularly important if we are to enlist extended cooperation by the United States in matters of defence, defence production and defence finance.

(ii) How far can defence installations in Canada, present, proposed, and in the farther future, be manned by Canadians rather than Americans?

(iii) Can Canadians continue to be equipped with weapons or weapons-systems that are bought by the Canadian Government, at home or abroad, for cash — rather than provided on a gift or mutual-aid basis by the Government of the U.S.A.?

Canadian and U.S. Defence Expenditures

3. What is needed to establish the fact that Canada is pulling her weight? There is no positive or readily acceptable standard of comparison. It can, however, be said that serious questions would be raised if the trends of defence expenditures in the two countries were widely divergent. It would certainly be difficult, if not impossible, to enlist or maintain United States co-operation in matters of defence and other matters if Canadian expenditures were clearly decreasing at a time when those in the United States were increasing. Conversely, the Canadian public would not accept a sharp increase in this country, if the trend was downwards in the U.S.A. This suggests the desirability of keeping ourselves as well informed as possible regarding the thinking on defence spending in the United States Administration and also in Congress. This should normally be one of the matters on the agenda of meetings of the new Canada-United States Ministerial Committee on Defence.

Manning Installations in Canada

4. As for the question of manning defence installations on Canadian soil with Canadian rather than United States personnel, this is a matter which is not primarily financial. It might, however, have extensive financial implications. For example, if consideration were to be given to stationing fewer Canadian personnel in Europe and more in Canada, it would be essential to know what amounts would be involved in their equipment or re-equipment in Canada rather than in Europe.

U.S. Equipment; The Question of Mutual Aid

5. The next question is whether Canadian forces must continue to be equipped entirely with weapons that have been purchased by the Canadian Government — to the exclusion of weapons that might be made available on a mutual-aid basis from the United States. During World War II, and subsequently, Canada has consistently claimed, with truth and with pride, that she has accepted mutual aid from no one. This position was very consciously and deliberately developed early in the War; the purpose was to maintain unquestioned Canada's independent role and her sovereignty. As a neighbour of the U.S.A. this was far more important to Canada than it was to allied countries overseas. Moreover, under the "Hyde Park Agreement" the U.S.A., recognizing Canada's special position and the importance of her integrity, made various arrangements designed to enable Canada to finance the War on a self-sustaining, non-mutual-aid basis.

6. In recent years, in ad hoc agreements on cost-sharing relating to military installations in Canada, the United States military authorities have made certain expenditures in Canada, and located certain United States-owned equipment in Canada, in so far as they are permitted to do so under existing legislation. No mutual aid has been accepted. Nor has any general pattern of Canada-U.S. relationships emerged in the field of defence finance.

7. Faced with increased intermingling of the defence programmes, and the need to install weapons such as Bomarc on Canadian soil, the question may arise whether we should now accept United States mutual aid, should seek some new defence-finance agreement along the lines of the Hyde Park Agreement, or attempt some different arrangement. It may, however, be questioned whether the situation is really the same as that which emerged in World War II. A basic difference lies in the complexity and inter-relationship of modern weapons. Formerly a gun was a gun, a tank a tank, a ship a ship. But today, who is to say whether the Bomarc is the weapon, or whether it does not include its launching site

together with the various radar screens on the basis of which it must be put into action and the SAGE system which collects the information about the invader and actually guides the missile on its destructive flight? It is surely desirable that Canada should, if at all possible, continue to refuse to accept mutual aid. On the other hand it is suggested that Canada need not refuse United States-owned equipment, and even missiles, to be located in Canada as part of an integrated weapons-system under Canada-United States auspices. What requires thought and study is the general relationship with the U.S.A. (relating to manpower, equipment, installations, defence production, and defence finance), rather than the ownership of particular bits and pieces of defence equipment.

Defence Production and Defence Finance

8. Finally, it seems necessary to say something about the role of Canadian industry in the common defence. This role is becoming more and more precarious as weapons, and weapons-systems, rise in cost beyond the financial capacity of Canada to pay its own way. In this paper it seems appropriate to stress certain financial aspects of this matter.

9. It should be recognized by the United States as well as the Canadian Government that Canada has had in the past and might again have in the future a severe foreign-exchange problem attributable to our defence expenditures. Such a problem may arise when Canada's defence purchases in the U.S.A., both in terms of finished equipment and identifiable components, run ahead of comparable purchases by the U.S.A. in Canada. The Hyde Park Agreement, referred to above, was the first of a series of arrangements designed to restore international balance in our defence purchases.

10. And the danger of chronic imbalance grows as the complexity of weapons increases and Canada's ability to produce any complete final product, such as the "Arrow," diminishes. The pressures leading the United States military authorities to confine their orders to United States firms are by no means diminishing and a strong Canadian organization in Washington, as well as broad directives from United States Ministers, is required if continuing orders are to be placed in Canada. And, finally, the possibility that we may decide to purchase, instead of producing in Canada, the most modern (and very expensive) manned aircraft, suggests that such a situation may not be far off.

11. It was suggested above that there might be some acceptable "fair" relationship between defence budgets — Canada and U.S.A. It should now be added and emphasized that the budgetary situation is only part of the financial picture. Canada cannot be expected to do its equivalent share on a budgetary basis if the United States does not make it possible to ensure that those expenditures do not undermine the Canadian foreign-exchange position.

12. I understand that no recent survey of the balance of payments on defence account has been made; it seems desirable that we should review that situation immediately. I am seeking my officials to set this study in motion and I should like to enlist the assistance of the other departments concerned.

Some Suggestions Flowing From the Proposals of the Minister of National Defence

13. Against this general background of defence relationships with U.S.A., and their financial implications, there are certain suggestions that seem to flow from the proposals of the Minister of National Defence in his paper on "Air Defence Requirements" (Document D 9-58 of 8 August 1958).

14. To begin with, I would like to welcome most warmly, from the financial point of view, the recommendation that the "Arrow" programme and associated projects be

cancelled. The strain which continuance of that programme would have placed on the national budget would have been intolerable.

15. The paper proposes, not only the cancellation of the "Arrow" programme, but also the substitution of additional missile installations and/or additional interceptor aircraft. The Chiefs of Staff are to investigate and submit proposals on these matters. It would, surely, be desirable if the positive decisions on the new weapons to be adopted could be made, or at least announced in general terms, at the same time as the negative decision regarding discontinuance of the "Arrow." There are both presentational and financial reasons for the suggestion.

16. On the presentational side, it would seem to be desirable, both internally and internationally, to seem to be taking a positive, constructive line rather than a purely negative one. Moreover, the new programme should, in some measure at least, provide economic benefits and incentives in place of the old one. There can be no doubt that strong pressures will build up to oppose the cancellation and these should be easier to meet if there is a positive defensible alternative to put forward. Finally, it is possible that an announcement merely of a cancellation, apparently involving a massive cut-back in Canada's defence effort, might be misunderstood both in NATO and in the U.S.A.

17. On the financial side, we shall all wish to be sure that the proposed alternatives do not involve financial commitments that, in the end, turn out to be in their way as onerous as the programme that we are abandoning. It is, for instance, immediately clear that the alternative proposals, while probably involving a greatly decreased burden on the Canadian budget, might involve greatly increased foreign exchange burdens, in terms of purchases in U.S.A. instead of in Canada. These matters need to be seen in perspective, and as part of the whole Canadian defence programme and its increasing interrelationship with that of the U.S.A.

18. These considerations seem to point in two directions. First, we might ask the Chiefs of Staff to make their recommendations regarding alternatives as soon as they can do so; these recommendations, of course, should come forward to us after consultation with the officials of the Departments here represented. Second, the question arises whether we should not be seeking a meeting of the Canada-United States Committee on Joint Defence. It would be premature to hold such a meeting before we had fully considered the new recommendations of the Chiefs, and other preparatory work had been done, but it should be held before the annual NATO Ministerial meeting which usually takes place in mid-December.

19. Plans and preparations for this meeting could be put in hand without delay. As already indicated, the Department of Finance will initiate a study of the exchange position and outlook on defence account. Possibly some further exploratory work might be considered useful in regard to defence production with a view to having the desired directives issued in Washington at the time of the meeting and following them up as effectively as possible afterwards. Finally, there is the question of cost-sharing relating to Canada-United States installations. The Minister of National Defence proposes that negotiations with the United States should commence regarding cost-sharing and production on the two Bomarc bases and the two heavy radars to be situated in Canada. I would readily agree with this. At the same time I would ask, first, that the Department of Finance be included in the negotiations and preparations for them, second, that these installations be regarded, not as isolated activities, but as part of the broader picture of Canada-United States relationships and, third, that before commitments are given to the United States a report be made to this Committee.

20. In conclusion, and considering the very far-reaching changes in our air defence arrangements that are now under consideration, it would seem appropriate to undertake a searching review, not of air defence problems alone, but of our whole defence programme. To be fully effective, such a review would have to cover all three Services and all the Departments concerned should take part. It should surely be possible, if strict standards are applied, and in the light of changing military and technological developments, to find new economies and to make way for new developments. I would hope that the Annual Estimates for the Department of National Defence in 1959/60 could be firmly based on a comprehensive review of this sort.

DONALD M. FLEMING

---

74. DEA/50245-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], August 13, 1958

120TH MEETING OF THE CABINET DEFENCE COMMITTEE
AUGUST 14, 1958
CONTINENTAL AIR DEFENCE — FOREIGN POLICY IMPLICATIONS

The Cabinet Defence Committee will be considering on August 14 highly important recommendations from the Minister of National Defence with respect to continental air defence. Because the impact on the Canadian budget of current proposals for improvement of the Continental Air Defence System is likely to be such as to make itself felt in other fields, including that of foreign policy, Mr. Smith has approved the attached paper for circulation to the Cabinet Defence Committee at the August 14 meeting. The paper sets out some of the foreign policy implications which he believes should be borne in mind when basic decisions with respect to continental air defence are being taken. For your convenience I am summarizing below the main points of substance which are dealt with at greater length in the attachment.

North American Defences: If the Government decides now to agree in principle to the installation of BOMARC missiles in Canada, it would seem desirable to open negotiations immediately with the United States on the problem of control of nuclear components. The minimum Canadian position should be no less than that achieved by the United Kingdom earlier this year in the case of the intermediate range ballistic missiles provided by the United States. Under the terms of the US-UK agreement of February 22,[124] the United States retains ownership, custody and control of the nuclear warheads for the missiles, but the launching of these missiles is to be a matter for joint decision by the two Governments. While it would seem desirable to begin negotiations on this matter immediately, final agreement between the two Governments might be reached at the first meeting of the Canada-United States Committee of Joint Defence.

The United States is determined to erect defences against the most diversified attack of which the Soviet Union is capable, i.e. a mixed bomber and missile attack. In the circumstances, Canada's alternatives may therefore be (a) to increase the Canadian defence budget or (b) to accept a greater degree of United States assistance. This Department would not be inclined to dismiss the latter alternative in spite of its political implications.

---

[124] Voir/See Document 93, note 140.

The principle underlying United States mutual aid legislation is that the security interests of the United States are served by United States expenditures for mutual aid to its allies. Joint Canada-United States defence measures in North America are so obviously essential to the physical defence of the United States that assistance to Canada in this context would have a very special connotation. Canada's freedom of action will not, in our estimation, be affected greatly by accepting additional United States assistance; it is more likely, in our estimation, to be affected by the levels of Canadian defence expenditures in comparison with those of the United States. If we can maintain a respectable ratio between Canadian and United States expenditures for the defence of North America, our influence on United States planning in this regard is not likely to be diminished.

Canadian Forces in Europe: The threat to North America has increased greatly in recent years and has given more substance to the argument that the defence of North America is an integral part of the defence of the NATO area. Nevertheless, we can be certain that NATO reaction to any suggestion of a reduction in Canadian commitments in Europe (particularly the air division) will be adverse. This Department is inclined to believe, however, that in view of the changing strategic situation we might, in two or three years, be in a position to envisage the withdrawal of our air division if Canadian considerations strongly suggest the desirability of such a course of action. It would be incumbent upon us to consult, before final decisions were taken, with the NATO military authorities and the NATO council; and it would seem wise to secure the support of the United States for any reduction we might have to contemplate.

USSR Non-Military Threat: Although the Soviet Union is capable of launching a manned bomber attack on North America, it would not seem reasonable for the Soviet Union to plan to attack North America while the manned bomber remains the best long-range operational weapon available. It can be argued that the Soviet Union can safely rely on the existing balance of deterrents as a sufficient safe-guard to her own security and can do her policy planning with a greater degree of flexibility than that allowed to the West. There is evidence that growing Soviet economic strength and the use made of that strength throughout the world poses a substantial threat to the West which must be considered with the same quality of concern as is evidenced in the case of the purely military threat from the Soviet Union. If Canadian foreign policy is to be realistic, it would seem essential that Canada be able, from time to time, to participate effectively in co-ordinated Western attempts to meet adequately the non-military threat from the Soviet Union in the political and economic fields. Since our resources are not unlimited, it would seem desirable to bear in mind constantly the need for some balance between expenditures in the purely military field and those in the non-military field.

Finally, although nothing is said in the attached paper about disarmament, I believe the goal of an eventual reduction in world armaments must, for both political and economic reasons, be kept in mind even at a time when consideration is being given to measures to improve our defences against Soviet capabilities.

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire d'État aux Affaires extérieures pour le Comité du Cabinet sur la défense

Memorandum from Secretary of State for External Affairs to Cabinet Defence Committee

DOCUMENT NO. D-11-58 Ottawa, August 14, 1958

SECRET

CONTINENTAL AIR DEFENCE — FOREIGN POLICY IMPLICATIONS

Introduction

1. The impact on the Canadian budget of current and prospective proposals for improvement of the continental air defence system is likely to be such as to make itself felt in other fields including that of foreign policy. It seems appropriate, therefore, that the considerations outlined below should be borne in mind when basic decisions are being taken with respect to particular recommendations relating to the improvement of the air defences of the continent. It is recognized that appreciation of the military threat posed for North America by both manned bombers and ballistic missiles is the responsibility of the Department of National Defence. Such an appreciation must be basic to the Government's consideration of appropriate expenditures to meet this threat. The threat does not consist alone of enemy capabilities; enemy intentions are important as well. For that reason, some brief attention is given below to the Soviet threat.

The Threat

2. In any appreciation of an enemy threat, a balance has to be struck, between (a) what the enemy is *capable* of doing and (b) what his *intentions* may be. The best appreciation of Canadian, United States and United Kingdom intelligence communities give the Soviet Union a capability now, and in the future, of attacking North America with manned bombers, most of which, however, are capable only of one-way missions. There is some difference of opinion on the number of bombers which the Soviet Union possesses. There is general agreement that the Soviet Union must also be given a growing capability in operational ICBM's in the early 1960s. There is agreement as well that the ICBM will replace the manned bomber some time in the next decade as the *major* threat to North America. There will, however, also be the capability for a mixed threat — i.e. missiles and bombers.

3. The importance of these capabilities, per se, must not be ignored. Their real significance, however, cannot be properly appreciated unless one applies to them some judgment on Soviet intentions as to the use to be made of them. It must be recognized that the factors in the field of intentions are much less susceptible of proof than in the field of capabilities. We are not, however, without some guidance.

4. It seems clear, for example, that the Soviet Union cannot match with bombers, the bomber strength of the long-range Strategic Air Command of the United States, nor is there any evidence that the Soviet Union is attempting to do so. On the other hand, it is at least arguable that the Soviet Union is slightly ahead of the United States in the development of operational ICBMs. In these circumstances, is it reasonable to suppose that the Soviet Union would attack North America at a time when the main Soviet striking force

would consist of a bomber force inferior in numbers and proficiency to that possessed by the United States? Is it not reasonable to estimate, rather, that the Soviet Union would wait to attack the only other power in the world which can effectively challenge Soviet predominance until it can do so with a main striking force of missiles, in which field it has a reasonable hope of superiority over the United States?

5. To put this thought in general terms is to argue that the balance of advantage in the manned bomber field still lies with the West, and therefore it would be unreasonable (although not impossible) for the Soviet Union to attack North America while the manned bomber remains the best long-range operational weapon available. It should be added of course that the risk of a nuclear war being precipitated through miscalculation cannot be ignored.

6. One further general argument seems equally appropriate. Our Governments have committed themselves not to start a preventive war against the Soviet Union. The Soviet Union, therefore, is left with the initiative. This being the case, can it not be argued that the Soviet Union can safely rely on the existing balance of deterrents as sufficient safeguard to her own security? If this is true, she is presented then with a number of alternative courses of action. She can simply maintain her present bomber strength without substantial increase while concentrating the resources devoted to defence mainly in the missile field. She can as well put certain limits on expenditures in the defence field and devote more of her energies and resources to economic and political competition with the West. In general terms, the fact that the West has given the Soviet Union the initiative means that the Soviet Union can plan with a good deal of flexibility, which is denied to the West. The West must, in a sense, defend against every possible attack lacking the initiative to fight on grounds and in a manner of its own choosing. There is some evidence that the Soviet Union is concentrating greater effort on the non-military offensive against the West. Western leaders have on many occasions made public reference to the importance of this Soviet offensive.

North American Defence

7. Whatever judgment may be made on the nature of the Soviet threat, it is evident that the United States is committed to the erection of defences in North America to meet the most diversified attack of which the Soviet Union is capable, i.e. a mixed attack composed of manned bombers, intercontinental ballistic missiles and submarine-launched missiles. It can be argued that such an extensive effort is unnecessary and, indeed, too costly even for the economic resources of the United States. Nevertheless, it is clear that it is the determination, at the moment, of the United States Government, influenced, it would seem, by the events of Pearl Harbour in 1941, to work within this concept of defence. It is further a matter of agreed policy between the Canadian and the United States Governments that the air defence of the continent is a single problem and must be met jointly by the two countries. Unless the Canadian Government is prepared, therefore, to challenge the basic United States concept, Canada's participation in the defence of the continent must be spread over the fields of defence against not only intercontinental ballistic missiles, but also manned bombers.

8. If Canada does not wish to exercise the choice of refusing further expenditures of a major nature on defence against the manned bomber threat, it would seem to have two possible alternatives. One may be some increase in Canada's defence budget. The other alternative may be to accept a greater degree of United States assistance. The latter alternative would make it more difficult for the Canadian Government to maintain the public position that Canada has not in the past and will not in the future accept mutual aid.

9. While fully aware of the political implications of the acceptance of mutual aid, this Department would not be inclined to dismiss this alternative. It is axiomatic that the more Canada can do for its own defence (by way of paying its share of continental air defence) the more freedom of action it will have in the defence field. We doubt, however, that freedom of action should be confused with the concept of sovereignty. Canada, and every other nation in the Western Alliance, accepted a diminution of sovereignty when it entered into commitments designed to provide collective security for a group of like-minded nations in NATO. Canada took a further step along the same path when it entered into the NORAD agreement with the United States. Perhaps an even more fundamental consideration, however, than these, is the realization that Canada cannot of its own resources defend itself adequately against an attack by a major power such as the Soviet Union. It is equally axiomatic that one of the prime requisites of national sovereignty is the ability to defend that sovereignty adequately. It is surely, therefore, not an unreasonable diminution of sovereignty for Canada to enter into arrangements with other countries, including the United States, whose object is the better defence of national security.

10. This having been said, the problem still remains of deciding on how far a nation can go in co-operative arrangements designed to insure its survival in the military sense without jeopardizing, in the political and economic field, the very thing it has set out to protect. This question must be kept under constant review, for, depending on circumstances, differing answers can be given to it. We are satisfied in this Department that the acceptance of considerable aid with respect to the air defence projects currently under consideration including the acceptance of BOMARC weapons, is reasonable. It may be desirable to blur the stark reality of mutual aid by the development of some acceptable cost-sharing formula. It is important, however, to realize that whatever formulae are developed, the basic decision required of the Government centres on the degree of freedom of action left to Canada. We are inclined to believe that this freedom of action will be affected less by the question of whether or not Canada accepts additional United States assistance than by the relationship between Canadian and the United States defence expenditures. By as much as that relationship can be defended as respectable, by so much will we retain our required freedom of action. If it can be proven, or indeed, if it becomes a matter of speculation, that our defence expenditures are badly out of line with those of the United States, our freedom will be limited by our inability to influence United States decisions in the defence field. Just what is a respectable relationship will not be constant, and will, therefore, require regular re-examination in the light of particular circumstances. If, however, the principle is maintained, it should be possible to develop reasonable cost-sharing formulae for particular projects as they arise.

11. One further important implication of current proposals for improvement of the continental air defence system centres on the question of nuclear warheads for such weapons as the BOMARC. While the BOMARC is capable of being fitted with a non-nuclear warhead it would seem unreasonable to install such a costly weapon system and fail to take advantage of its best capabilities. In any case, United States components of NORAD (both missiles and interceptors) are to be given nuclear capability. If no provision is made for the similar equipment of Canadian forces there might be unfavourable public reaction in Canada.

12. In April of this year Cabinet considered the general problem of nuclear weapons in Canada in connection with a United States request for the storage of nuclear weapons at Goose Bay and a related United States suggestion for discussions in military channels on the introduction of nuclear capability into the air defence system. At that time Cabinet

deferred a decision pending further consideration of the issues involved and further discussion with the United States authorities. If the Government decides now to agree in principle to the installation of BOMARC in Canada it would seem desirable to open negotiations immediately with the United States on the problem of control of nuclear components.

13. The recent amendments to the United States Atomic Energy Act, while liberalizing the provisions of that Act in important respects, do not change the requirement that nuclear warheads provided by the United States must remain under the control and custody of United States personnel. It is conceivable that this United States legislation might be capable of special interpretation in the case of an air defence project within the unique circumstances of an integrated air defence such as that now existing between Canada and the United States. Negotiations against the background of the Canadian Government's agreement in principle to install BOMARC in Canada should reveal the possible alternative solutions to the problem of control. The minimum Canadian position should be no less than that achieved by the United Kingdom earlier this year in the case of intermediate range ballistic missiles provided by the United States. This formula is set out in the following provisions of that US-UK agreement.

> "The United States Government shall provide nuclear warheads for the missiles transferred to the United Kingdom Government pursuant to this Agreement. All nuclear warheads so provided shall remain in full United States ownership, custody and control in accordance with United States law.
>
> "The decision to launch these missiles will be a matter for joint decision by the two Governments. Any such joint decision will be made in the light of the circumstances at the time and having regard to the undertaking the two Governments have assumed in Article 5 of the North Atlantic Treaty."

Canadian Forces in Europe

14. In any appraisal of the resources which Canada can devote to the air defence of North America some consideration of our NATO commitments in Europe is in order. Such consideration may even extend to the possibility of the withdrawal of the Air Division which otherwise would have to be re-equipped with new aircraft within the next two or three years.

15. The stationing of Canadian forces in Europe was undertaken during the build-up of the shield forces and at a time when the military forces and economies of the European members of NATO were still suffering from the effects of occupation. At that time, when the threat to Europe seemed far greater than the threat to North America this, in the context of NATO strategy, was probably the most efficacious deployment of Canadian forces. This concrete Canadian commitment also served the important political purpose of assuring the European countries, by the presence of U.S. and Canadian forces, of North American involvement in the defence against any future aggression which might be directed against the European NATO members.

16. The greatly increased threat to North America has changed the strategic situation considerably since we first stationed forces in Europe. This change has not diminished military requirements in Europe. The presence of the North American forces in Europe continues to be a psychological and political necessity. The threat, however, has increased requirements for defence installations and personnel in Canada. In these circumstances, certain alternatives are open to the Canadian Government among which are the maintenance of present commitments in Europe coupled with arrangements for increasing numbers of United States forces in Canada, or, on the other hand, the reduction of

Canadian commitments in Europe with the object of increased Canadian participation in North American defence.

17. The political importance to Canada of stationing forces in Europe in terms of the consequential effects on our relations with our European allies should not be underestimated. Both for this reason and for the effects it would have on the solidarity and morale of the alliance, it would be most unwise to withdraw completely from our commitments in Europe. However, in view of the changed strategic situation, it should not be an intolerable consequence of the build-up of North American defence in Canada, that we might, in two or three years, envisage the withdrawal of our Air Division. If this were to happen, however, the Canadian Brigade should remain in Europe.

18. If there were to be any change in our forces allocated to NATO, it would be incumbent on us to consult, before final decisions were taken, with the NATO military authorities and the NATO Council. Preparatory to such consultations, it would be wise first to secure the support of the United States for any measures we might contemplate. There should be no illusions regarding the NATO reaction. SACEUR, even if he were convinced that some reduction of Canadian forces in Europe might have to take place, might prefer the withdrawal of the Infantry Brigade. At present, the National response in Europe to the increased NATO force requirements which were agreed for planning purposes last April (MC70) has been almost completely negative. In this light, the withdrawal of the Canadian Air Division might leave a considerable gap in European defences. On the other hand, if our withdrawal were undertaken at a time when we were substantially increasing our Defence Budget and at a time when European countries were reducing or stabilizing their own defence budgets, a good Canadian case could be made which might attract a sympathetic if disappointed response. Regardless of the final decision, a Canadian proposal along these lines would bring home to the Europeans the necessity of meeting a greater share of their own defence requirements. The possibility exists that the United States, if consulted, might prefer to make arrangements in the North American defence context which might ease the burden on the Canadian budget, in order to avoid the political and military repercussions in the alliance of a withdrawal of the Air Division.

United Nations Commitments

19. We are inclined to believe that requests for assistance from United Nations of the type we have already met in UNEF, may increase rather than diminish in the future. It is conceivable that the future might bring requests for a fully-rounded combat group from Canada, if the idea of an international police force gains acceptance. The Government has, on a number of occasions, made it clear that our commitments to the preservation of peace through United Nation efforts will be honoured as commitments with high priority in Canadian foreign policy. The Canadian Army has met all requests of this kind, to date, most expeditiously and most satisfactorily. It is enough, therefore, merely to underline this Department's view that we would regard it as an essential of our foreign policy that this capability of the Canadian Army be maintained. In the event that a future circumstance suggests the desirability of the provision of a fully-rounded Canadian combat group to serve United Nations' objectives, the provision of Canadian service aircraft for transport of the group may assume importance.

USSR Non-Military Threat

20. There is increasing evidence that growing Soviet economic strength and the use made of that strength throughout the world, poses a threat to the West as formidable as is the Soviet military threat. It has, for example, made it possible for the Soviet Union to offer

attractive, long-term loans, with low interest rates to many of the under-developed countries of the world. Combined with this increasing economic offensive, the Soviet Government has been able to achieve a flexibility in its foreign policy which has allowed it to reap political advantages among smaller nations of the world emerging from some form of colonial administration to national status.

21. One must always recognize that these economic and political initiatives are the more effective coming, as they do, against the background of the Soviet Union's undoubted capabilities in the military field. It is not possible, with any certainty, to establish a balance between which of the Soviet's capabilities, military or non-military, are at any particular time, the major element of threat. It must be recognized, however, that the non-military threat is substantial, and must be considered with the same degree of concern as is evidenced in the case of the purely military threat from the Soviet Union. It is not easy to make plans to meet this non-military threat. We can be certain, however, that necessary measures in this field will cost money. We can be sure, as well, that a good deal of the burden of this cost will have to continue to be borne by the United States. If Canadian foreign policy is to be realistic, it would seem essential that Canada be able from time to time to participate effectively in co-ordinated Western attempts to meet adequately the non-military threat from the Soviet Union in the political and economic fields. Since our resources are not unlimited, it would seem desirable to bear in mind constantly the need for some balance between expenditures in the purely military field and those in the non-military field.

[SIDNEY SMITH]

75. DEA/50046-A-40

Procès-verbal de la réunion du Comité du Cabinet sur la défense

Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], August 15, 1958

Present:

The Prime Minister, (Mr. Diefenbaker), in the Chair.
The Minister of National Defence, (Mr. Pearkes).
The Minister of Finance, (Mr. Fleming).
The Minister of Defence Production, (Mr. O'Hurley).
The Acting Secretary (Mr. Dewar).
The Military Secretary (G/C Weston).
The Chairman, Chiefs of Staff, (General Foulkes).
The Chief of the General Staff, (Lieutenant General Graham).
The Chief of the Naval Staff, (Vice Admiral DeWolf).
The Chief of the Air Staff, (Air Marshal Campbell).
The Vice-Chairman, Defence Research Board, (Dr. Keyston).
The Deputy Minister of National Defence, (Mr. Miller).
The Under-Secretary of State for External Affairs, (Mr. Léger).
The Deputy Minister of Defence Production, (Mr. Golden).
The Assistant Under-Secretary of State for External Affairs, (Mr. LePan).
The Assistant Deputy Minister of Finance, (Mr. Plumptre).
The Assistant Secretary to the Cabinet, (Mr. Fournier).
The Assistant Secretary to the Treasury Board, (Mr. MacNeill).

I. AIR DEFENCE REQUIREMENTS (SECRET)

1. *The Minister of National Defence* said that a recent re-assessment of the threat to North America had indicated that manned bombers would continue to pose a threat during the period 1960-65, although ICBMs would progressively replace them as the primary threat. Both Canadian and United States planning envisaged that during this period the system of defence against the manned bomber should include both manned fighters and surface-to-air missiles; the fighters would provide flexibility and sustained defence, and the missiles would provide a higher attrition against aircraft.

The surface-to-air BOMARC missile was considered the most effective and economical missile for the Canadian air defence system because of its long range and its suitability for use with the SAGE control facilities already proposed. Joint Canada-United States studies on weapons deployment had demonstrated the need for two BOMARC bases to be established in Canada in the Ontario and Quebec area. These two bases would form part of a Canada-United States plan for a continuous system of missile defence from coast to coast designed for the protection of the principal targets in North America, and since they would be located in Canada and would provide substantial defence to Canadian targets, it was considered important for Canada to participate in their installation and operation. The agreed requirement was for each BOMARC base to consist of 120 missiles, but for budgetary reasons the United States were planning now to restrict their programme to 60 missiles per base. It was considered that the Canadian programme should also consist of a unit of 60 missiles at each base in the Ontario and Quebec area. Related to this programme was a requirement for the installation of two heavy radars in Northern Ontario and Quebec and of an additional six gap filler radars within the Ottawa SAGE Sector.

The United States Air Force had indicated a willingness to share the cost of the two BOMARC bases in Canada, but no firm cost-sharing formula had been established. The total capital cost for these bases was estimated at $164 millions. The cost of the installation of two heavy radars and associated equipment in Quebec and Northern Ontario and of six gap-filler radars in the northern part of the Ottawa SAGE Sector was estimated at $35.2 millions, and it was proposed that these costs also should be shared with the United States.

2. *Mr Pearkes* recalled that Cabinet had on October 29, 1957, approved the continuation for another twelve months of the development programme for the Arrow (CF-105) aircraft, including the ordering of 29 preproduction aircraft, the improvement of tooling for the aircraft, the acceleration of the development of the Iroquois engine and the continuation of the necessary related programmes.

The CF-105 and the Iroquois engine were both now in the test flying stage and both appeared so far to be meeting their design requirements. Since the preproduction phase of the project was well advanced, a decision on the production programme should be taken now to ensure continuity.

The present programme, which called for the re-equipping of the nine RCAF all-weather squadrons in Canada with CF-105 aircraft, presented a requirement, with training and backup, for a production order of 169 CF-105 aircraft at a forecast total expenditure of over two billion dollars during the period 1959-60 to 1963-64. In consideration of the heavy costs of this programme, and of the need for making provision within the defence budget for such future requirements as defence against intercontinental ballistic missiles, the Chiefs of Staff had given consideration to several alternative plans. They had advised that production of 60 CF-105 aircraft for the equipping of five squadrons was unacceptable because the costs per aircraft for this smaller number would be increased to $9 or $10 millions, not including amortization of development and preproduction costs. Consideration had also been given to the completion of the 37 preproduction aircraft in the hope that a return could be obtained from the funds already spent on the project, but this plan was considered unacceptable because even at a cost of about $475 millions not enough aircraft would be provided to form and maintain one effective operational squadron.

The Minister recommended:

(a) that authority be granted for the cancellation of the CF-105 (Arrow) programme and the associated fire control and weapons systems projects;

(b) that approval in principle be given to the installation of two BOMARC bases in the Ottawa-North Bay area and to the installation of two additional heavy radars in Northern Ontario and Quebec and of the associated gap filler radars;

(c) that authority be granted to commence negotiations with the United States for cost-sharing and production of the items involved in the installation of the two BOMARC bases, the two heavy radars and the gap filler radars; and

(d) that the Chiefs of Staff be asked to investigate and submit proposals for any additional missile installations required, and/or any additional interceptor aircraft of a proven, developed type that might be required in place of the CF-105.

An explanatory memorandum had been circulated.

(Minister's memorandum, August 8, 1958, Document D9-58).

3. *Mr. Pearkes* said that the decision to recommend the cancellation of the CF-105 production programme had been influenced by a number of factors besides the very heavy

financial burden. There had been a very rapid development of missiles over the past year in both the United States and the Soviet Union. There had also been a sharp decrease in the production by the Soviet Union of manned bombers. This slow-up might be due to lack of success with the aircraft or to the introduction of a new bomber of which we were not aware. It might also be due to the virtual abandonment of production of manned bombers in favour of missile development and production. An additional factor was the view expressed by the Department of External Affairs that there might be more likelihood of a continuation of the cold war and of the outbreak of local incidents along the fringes of the free world than of the launching of a definite attack on North America by the Soviet Union.

Furthermore, the United States Air Force had now definitely stated that they were not interested in purchasing the CF-105. They had now an aircraft in development (the F106C) which was for their purposes comparable to the CF-105 and which they said could be produced for about half the cost of the CF-105. The United States programme of installing BOMARC bases would be far advanced by the time the CF-105 was ready for delivery. The United States authorities had also remarked critically about the limited range of the CF-105 at sub-sonic speeds and had expressed doubts about the adaptability of the Sparrow II to carry a nuclear warhead.

4. *The Prime Minister* said that a decision to cancel the CF-105 production programme should not be taken without full knowledge of the history of the programme, of the various changes which had been made in it, the reasons why this recommendation was being made now and why it could not have been made a year ago. Only with this full knowledge could a satisfactory explanation for the cancellation of the programme be made.

5. *During the discussion*, the following points emerged:

(a) It was unlikely that any significant reduction in defence expenditures could be made in fields other than air defence. The RCN would have a continuing requirement for ships to meet the submarine threat, and the Army must keep prepared to meet present and possible future commitments overseas.

(b) No commitment to proceed with a full production programme had been given to the A.V. Roe Company or to the companies handling the associated fire control and weapons systems projects. It had been stated publicly on a number of occasions that the programme was subject to review this year, and that a decision on whether to proceed with it had still to be taken.

(c) The Chiefs of Staff, in the course of their study which the Minister of National Defence had recommended, should consider whether additional BOMARC stations should be installed in Canada and whether suitable aircraft should be purchased from the United States at a lower cost than the CF-105. It would perhaps be possible to get the United States to agree to move some of their presently planned BOMARC stations north into Canada. Such an approach to the United States could be related to the recent decision on installation by the United States of heavy radars and gap fillers in Western Canada.

(d) A delay of about a year would be acceptable before the proposals were received from the Chiefs of Staff on additional requirements, because neither BOMARCs nor F106C aircraft would be available to Canada before 1962. An exception was the two BOMARC bases in the Ottawa-North Bay area, which could be established about 1961. Indeed, there might be some advantage in not taking a decision on these additional requirements for a year, when our appreciation of Soviet capabilities and intentions might be better.

(e) The United States had never given a commitment that they would buy CF-105s from Canada. They had informally, however, encouraged Canada to undertake the production of the CF-105 as a contribution to North American defence, and certain individuals in the United States Air Force had indicated that if the CF-105 went into production and if the United States still needed an aircraft of that type when it was going into service, the United States might consider buying them then.

(f) At a recent meeting in Washington, the U.S. Secretary of Defence had raised with the Minister of National Defence the question of how best our joint facilities could be used in the defence of the continent. Mr. McElroy had said he realized that a major project like the CF-105 was a very great burden on the Canadian economy if it were undertaken without some form of assistance or at least an extensive market. He had therefore suggested the possibility be explored of using Canadian industrial skills for the production of major component parts for weapons systems which would be used jointly by the United States and Canada. It was therefore agreed between the Minister and the Secretary that it was desirable for the three materiel secretaries from the United States forces to meet at an early date with the Deputy Minister of Defence Production and such officials as he wished to support him, to analyze problems of defence production and coordination and to establish exactly what would be the problem in making the best use of common resources and skills. When this had been done, their conclusions would be considered by a meeting at government level.

(g) At the time the specifications for the CF-105 had been established, the requirement was for an aircraft different from the type now being developed in the United States as the F106C. The CF-105 was about twice as heavy as the United States aircraft, and was a two-seater. Experience in producing the F86 in Canada indicated that Canadian production costs were not necessarily higher than those in the United States. The reasons why the F106C could be produced more cheaply in the United States than the CF-105 in Canada were that the volume of production for the F106C would be much larger and therefore development and production costs could be amortized over a much greater number of production units. Furthermore, the F106C was a less complex and smaller aircraft.

6. *The Committee* noted the report of the Minister of National Defence on air defence requirements and agreed to ask for more information on the history of the CF-105 programme before giving further consideration to the recommendations which had been made.

D.B. DEWAR
Acting Secretary

R.C. WESTON
Group Captain,
Military Secretary

76. DEA/50046-A-40

Procès-verbal de la réunion du Comité du Cabinet sur la défense

Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], August 21, 1958

Present:

The Prime Minister, (Mr. Diefenbaker), in the Chair,
The Minister of National Defence, (Mr. Pearkes),
The Minister of Finance, (Mr. Fleming),
The Minister of Defence Production, (Mr. O'Hurley).

The Acting Secretary (Mr. Dewar),
The Military Secretary (G/C Weston).

The Chairman, Chiefs of Staff, (General Foulkes),
The Chief of the General Staff, (Lieutenant General Graham),
The Chief of the Naval Staff, (Vice Admiral DeWolf),
The Chief of the Air Staff, (Air Marshal Campbell),
The Vice-Chairman, Defence Research Board, (Dr. Keyston),
The Secretary to the Cabinet, (Mr. Bryce),
The Deputy Minister of National Defence, (Mr. Miller),
The Under-Secretary of State for External Affairs, (Mr. Léger),
The Deputy Minister of Defence Production, (Mr. Golden),
The Assistant Deputy Minister of Finance, (Mr. Plumptre),
The Assistant Under-Secretary of State for External Affairs, (Mr. LePan),
The Assistant Secretary to the Treasury Board, (Mr. MacNeill).

I. AIR DEFENCE REQUIREMENTS (SECRET)

1. *The Minister of National Defence* referred to the discussion which had taken place at the last meeting and said that a paper containing further information on the development of the CF-105 (Arrow) had been provided[125] in accordance with the request of the Committee. The Minister recommended:

---

[125] Quarante-quatre pages d'appendices complétaient la partie principale de ce document de onze pages non imprimé ici. Ce document relatait en détail le programme de CF-105 et les besoins correspondants de défense aérienne, et exposait quatre raisons pour lesquelles le plan de conception de l'Arrow devait être révisé en profondeur ou annulé : la menace n'était plus les intercepteurs pilotés mais les missiles balistiques; les progrès rapides de la technologie, qui faisaient du système de missiles Bomarc une arme défensive plus plausible; la diminution des besoins en intercepteurs pilotés; le coût prohibitif de la conception et de la fabrication du CF-105. Dans le dossier MAE/50046-40 se trouve un exemplaire de ce document intitulé « Report on the Development of the CF-105 Aircraft and Associated Weapon System, 1952-1958 », daté du 19 août 1958.

This main text of this eleven-page document which is not printed here was supplemented with forty-four pages of appendices. This material provided a detailed history of the CF-105 programme and corresponding air defence requirements and outlined four reasons why the Arrow development plan needed to be radically revised or cancelled: (1) the changing threat from manned bombers to ballistic missiles; (2) the rapid advances in technology that made the Bomarc missile system a more plausible defence weapon; (3) the diminishing requirement for manned interceptors; and (4) the exorbitant cost of developing and producing the CF-105. A copy of this document entitled "Report on the Development of the CF-105 Aircraft and Associated Weapon System, 1952-1958," and dated August 19, 1958, can be found in DEA/50046-40.

(a) that authority be granted for the cancellation of the CF-105 (Arrow) programme and the associated fire control and weapons systems projects;

(b) that approval in principle be given to the installation of two BOMARC bases in the Ottawa-North Bay area and to the installation of two additional heavy radars in Northern Ontario and Quebec and of the associated gap filler radars;

(c) that authority be granted to commence negotiations with the United States for cost-sharing and production of the items involved in the installation of the two BOMARC bases, the two heavy radars and the gap filler radars; and

(d) that the Chiefs of Staff be asked to investigate and submit proposals for any additional missile installations required, and/or any additional interceptor aircraft of a proven, developed type that might be required in place of the CF-105.

Explanatory memoranda had been circulated.

(Minister's memorandum, August 8, 1958, Document D9-58;
Memorandum from the Minister of Defence Production, August 7, 1958, Document D10-58;
Memorandum from the Secretary of State for External Affairs, August 14, 1958, Document D11-58;
Memorandum from the Minister of Finance, August 13,1958, Document D12-58;
Report on the Development of the CF-105, August 19, 1958.†)

2. *During the discussion*, the following points emerged:

(a) If the CF-105 programme were cancelled, Avro Aircraft Limited and Orenda Engines Limited would probably cease to operate so far as government contracts were concerned. There was no substantial government work which could take the place of the CF-105 programme in those companies. Cancellation of the programme would affect the employment of about 25,000 persons in Avro and Orenda and in the subcontracting companies.

(b) The cancellation charges for the CF-105 programme were estimated at $145 million and those for the Sparrow at $24 million. For security reasons, it had not been possible to test the accuracy of these estimates by consulting with the prime or sub-contractors to determine the size of their forward commitments costs. Some of the government-owned machinery in the Avro and Orenda factories could be removed after payment of the cancellation charges and put to use elsewhere.

(c) The cancellation of the CF-105 aircraft programme would not create a serious deficiency in our defence production base, because even if the Avro and Orenda factories were closed there would remain a number of other companies in Canada capable of building aircraft. The dispersal of production teams in electronics and missilry who had been engaged in work on the associated fire control and weapons systems would, however, very seriously lessen our ability to engage in development and production-sharing with the United States in such future programmes as the development of the anti-ICBM missile. When the Velvet Glove programme had been cancelled, both the Government and the companies concerned had contributed towards the maintenance of these teams until work on the Sparrow could be started; there was no prospect that the companies concerned would be prepared to make such a contribution again. Once dispersed, it would take a very long time to reassemble such teams.

(d) It was important to take a decision soon on the recommendation that the CF-105 and the associated fire control and weapons systems programmes should be terminated, and on the recommendations that approval in principle be given to the installation of two BOMARC bases in the Ottawa-North Bay area, of two additional heavy radars in Northern Ontario and Quebec and of the associated gap filler radars. The United States authorities had asked to be told of our decision on the two BOMARC bases in a few weeks' time. A decision on what additional BOMARC bases and/or manned aircraft should be introduced into the air defence system need not be taken for about a year, because BOMARCs, except for the two bases for the Ottawa-North Bay area, would not be available to Canada until 1960 or 1961. The F106C could be available to Canada early in 1961, and orders for it would have to be placed about eighteen months before delivery. It could be determined within the next year whether the United States would deploy some of their BOMARC bases farther north to provide some protection in Canada and, in the light of further information and study, what missiles and/or aircraft should be obtained by Canada to complete our air defence posture.

(e) It was difficult to compare the performance characteristics of the CF-105 and the F106C because neither aircraft had yet been flight tested with its fire control and weapons system. The F106C had a greater range at sub-sonic speeds, but not as great a range as the CF-105 at supersonic speeds. The CF-105, having a crew of two and two engines, might be preferable for use over Canadian terrain, and it probably would have a better capability against electronic counter-measures than the F106C. The estimated cost of a CF-105 weapons system in a production programme of 100, was about $12.6 million; the estimated cost of a F106C weapons system, in an order of 100, was $5.59 million.

(f) It was not yet known how many manned aircraft would be required by the R.C.A.F. in the period after 1960-61. It was probable that the threat from manned bombers would decrease during that period and that the increased use of surface-to-air missiles in air defence would diminish the need for manned interceptors. The need for manned aircraft to perform identification tasks was also likely to decrease in the next few years.

(g) Expenditures involved in an interceptor programme could not be materially offset by reduction of other defence programmes. (It was stressed by the Minister of National Defence that there could be no substantial reduction in the estimates of the other Services to make way for increased Air Force expenditures.)

3. *The Committee* agreed to recommend to Cabinet that,

(a) approval in principle be given to:

(i) the installation of two BOMARC bases in the Ottawa-North Bay area; and

(ii) the installation of two additional heavy radars in Northern Ontario and Quebec and the installation of the associated gap filler radars.

(b) authority be granted to commence negotiations with the United States for cost-sharing and production on the installation of two BOMARC bases for the Ottawa-North Bay area, the two heavy radars in Northern Ontario and Quebec and the associated gap filler radars.

(c) consideration be given to:

(i) abandoning the CF-105 (Arrow) programme and the associated fire control and weapons projects; and

(ii) authorizing the Chiefs of Staff to investigate and submit proposals for any additional missile installations required and/or any additional interceptor aircraft of a proven, developed type that might be required in place of the CF-105.

D.B. DEWAR
Acting Secretary

R.C. WESTON
Group Captain,
Military Secretary

77. DEA/50309-A-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], August 22, 1958

CANADA-UNITED STATES COMMITTEE ON JOINT DEFENCE

On July 7 the United States Embassy was given a draft Canadian Note on establishment of a Canada-United States Ministerial Committee on Joint Defence, and the Ambassador has recently informed us that the terms of this Note are satisfactory to the United States authorities. I would, therefore, propose, if you agree, to transmit the Note formally to the United States Ambassador, who will in turn send a suitable Note of acknowledgment in reply. You will recall that our Note was approved by the Cabinet on July 7, and that, subsequently, in our discussions with the President and Mr.Dulles,[126] we agreed to make one slight change in its terms. This was to omit reference to the Minister of Defence Production in paragraph "A" (a copy of our draft Note is attached).†

On July 11 you referred to the agreement with the United States Government to establish this committee in the course of your statement in the House of Commons[127] on the talks with the President and Mr. Dulles. A copy of your remarks is attached.† You did not then say that you would table the agreement, but I can see no objection to doing so, if you think it desirable and if there is time. I do not think there would be need for any public announcement, as the Notes speak for themselves. They merely confirm what has already been said in your statement on the subject on July 11.

I am informed that the United States Government would have no objection to this procedure. They would wish to know, however, when the Notes are published so they can arrange for publication in Washington at the same time.[128]

S.E. S[MITH]

---

[126] Voir la 3ᵉ partie./See Part 3.

[127] Voir Canada, Chambres des Communes, *Débats*, 1958, volume II, 11 juillet 1958, pp. 2249 à 2252. See Canada, House of Commons, *Debates*, 1958, Volume II, July 11, 1958, pp. 2139-2142.

[128] Pour le texte officiel des notes, voir Canada, *Recueil des Traités*, 1958, Nº 22. Pour les documents se rapportant à la première réunion du Comité conjoint de la défense, consulter la section H de cette partie.

For the official text of the notes, see Canada, *Treaty Series*, 1958, No. 22. For documents relating to the first meeting of the Joint Committee on Defence, see Section H of this Part.

78. PCO

Note du ministre de la Défense nationale
pour le Cabinet

Memorandum from Minister of National Defence
to Cabinet

CABINET DOCUMENT NO. 247-58 Ottawa, August 22, 1958

SECRET

RECOMMENDATIONS OF CABINET DEFENCE COMMITTEE
AIR DEFENCE REQUIREMENTS

1. At the 121st meeting of the Cabinet Defence Committee, held on Thursday, 21 August, 1958, the Committee reviewed the air defence requirements for rounding out the air defence weapons system against the manned bomber. The Committee considered the following recommendations:

(a) Authority be granted for the cancellation of the CF105 Arrow programme and associated fire control and weapons systems projects.

(b) Approval in principle be given to:

(i) the installation of 2 Bomarc bases in the Ottawa - North Bay area; and

(ii) the installation of two additional heavy radars in Northern Ontario and Quebec and the installation of the associated gap filler radars.

(c) The Chiefs of Staff to investigate and submit proposals for:

(i) any additional missile installations required; and/or

(ii) any additional interceptor aircraft of a proven, developed type that may be required in lieu of the CF105.

(d) Authority be granted to commence negotiations with the United States for cost-sharing and production on the following items:

(i) the installation of 2 Bomarc bases in the Ottawa - North Bay area; and

(ii) the installation of 2 heavy radars in Northern Ontario and Quebec and the installation of gap filler radars.

2. After discussion, the Committee agreed to recommend to Cabinet the following:

(a) Approval in principle be given to:

(i) the installation of 2 Bomarc bases in the Ottawa - North Bay area; and

(ii) the installation of two additional heavy radars in Northern Ontario and Quebec and the installation of the associated gap filler radars.

(b) Authority be granted to commence negotiations with the United States for cost-sharing and production on the following items:

(i) the installation of 2 Bomarc bases in the Ottawa - North Bay area; and

(ii) the installation of 2 heavy radars in Northern Ontario and Quebec and the installation of gap filler radars.

3. Because of the many serious implications involved in Recommendation (a) (para. 1 above), it was decided to refer this question of the cancellation of the CF105 and/or the recommendation for alternatives in lieu of the CF105 (contained in Recommendation (c),

para. 1 above) for decision by the Cabinet. The relevant considerations regarding the CF105 are stated as follows.

4. At the meeting on 29 October, 1957, Cabinet approved the continuation for another twelve months of the development programme for the Arrow (CF105) (eight) aircraft, including the ordering of 29 preproduction aircraft, improvements of tooling for the aircraft, acceleration of the development of the Iroquois engine, and continuation of the necessary related programmes.

5. A project of this nature logically progresses in two phases, the first being the design, development and preproduction phase. The second is the production phase for squadron service. The two phases are complementary and overlap. The first phase is now well advanced and a decision as to whether or not to go into production is urgently required.

6. This aircraft is now in the test flying stage and flights to date indicate it will meet its design requirements. The engine (Iroquois) for the aircraft, which is part of the Arrow programme, is also undergoing air tests. These tests indicate that it also will meet its design requirements.

7. The RCAF now has nine all-weather squadrons which are located on five bases across Canada. The present programme calls for the re-equipping of all nine squadrons with the Arrow, which will require a production order of 169 Arrow aircraft. This number along with the aircraft recovered from the 37 development and preproduction order, will provide sufficient aircraft for nine squadrons, with training and logistic backup, at a total cost of two billion dollars extended over the period 1959/60 to 1963/64.

8. A study of the financial implications of continuing this programme and its impact on the overall defence programme, and the necessity of giving consideration to future requirements such as defence against intercontinental ballistic missiles have necessitated a review of the air defence programme.

9. The Chiefs of Staff have reviewed the air defence programme and the following are the main points considered during this review:

(a) *The Changing Threat*. The advent of Sputnik and the advances being made in the USSR in developing missiles have considerably changed the assessment of the threat to North America. It is now considered that the major threat in the 1960's will be from ballistic missiles, and the manned bomber will be a subordinate threat which is expected to decrease in importance after 1962-63. But a combination of ballistic missiles and the manned bomber may produce the threat until the present Soviet stockpile of manned bombers is depleted or evidence is given that they have re-opened production on manned bombers.

(b) *The Rapid Advances in Technology*. The speeds and operating heights of jet bombers are now almost comparable to those of the manned fighter, and therefore to provide the manned fighter with the necessary advantage of height and speed requires very expensive and further intricate development which tends to increase the cost of the end product. Along with this, the rapid strides being made in the development of ground-to-air missiles, particularly in the last two years, by the United States, provides an additional accurate defensive weapon which perhaps is cheaper and is expected to provide greater attrition. The missiles of the Bomarc type which have been fully developed by the United States have a further attraction in that the U.S. has paid for the development of these missiles and is prepared to release them to Canada.

(c) *The Diminishing Requirement for the Manned Interceptor*. It will be recalled that the early requirement in 1953 was for nineteen squadrons, a total of between 500 and 600 aircraft. This has now been reduced to nine squadrons and consideration has been given in the last few months to reducing the requirement to five squadrons of about 100 aircraft now that the Bomarc missile is to be introduced into the Canadian air defence system.

(d) *Costs*. The heavy costs of finishing the development and production of a limited number of manned aircraft are shown as follows:

> The present estimated cost of completing the development and preproduction of the weapons system is $862 million, of which $476 million has been committed so far. This expenditure is to provide a proven design and facilities which can turn out production. If the plan for equipment of nine squadrons (169) is pursued, the unit production costs will be of the order of eight million dollars per weapons system, giving a total production cost of approximately $1400 million.
>
> As mentioned earlier, consideration has been given to reducing the requirement to five squadrons, requiring an overall number of 100 aircraft. This number could be provided by a production order for 80 aircraft and recovering 20 from the development and preproduction order. However if only 80 aircraft are produced, the unit cost rises to the order of $10 million per copy. Details of costs are shown in Appendix "B". The Chiefs of Staff have grave doubts as to whether a limited number of aircraft at this extremely high cost would provide defence returns commensurate with the expenditures in view of the changing threat and the possibility that an aircraft of comparable performance can be obtained from United States production at a much less cost and in the same time period, 1961-1962. Comparative costs of similar numbers of CF105 and US F106C are shown in Appendix "A". Therefore the Chiefs of Staff consider that to meet this modest requirement for interceptor aircraft it would be more economical to procure a fully developed interceptor of comparable performance from United States sources.

Recommendations

10. It is recommended that Cabinet approve the recommendations of Cabinet Defence Committee as follows:

(a) Approval in principle be given to:

(i) the installation of 2 Bomarc bases in the Ottawa - North Bay area; and

(ii) the installation of two additional heavy radars in Northern Ontario and Quebec and the installation of the associated gap filler radars.

(b) Authority be granted to commence negotiations with the United States for cost-sharing and production on the following items:

(i) the installation of 2 Bomarc bases in the Ottawa - North Bay area; and

(ii) the installation of 2 heavy radars in Northern Ontario and Quebec and the installation of gap filler radars.

(c) Consideration be given to:

(i) abandoning the CF105 Arrow programme and associated fire control and weapons systems projects; and

(ii) authorizing the Chiefs of Staff to investigate and submit proposals for:

(1) any additional missile installations required; and/or

(2) any additional interceptor aircraft of a proven, developed type that may be required in lieu of the CF105.

[GEORGE PEARKES]

Appendice "A"

Appendix "A"

SECRET

COMPARATIVE COSTS — ARROW & F106C
100 WEAPONS SYSTEM PROGRAMME

1. *Estimated Cost — 100 Arrow Aircraft*

(a) 80 to be produced at flyaway cost of $5.0M 20 from preproduction	400.0	
(b) Support	136.0	
	536.0	
(c) Sales tax — 10%	53.6	
	589.6	
(d) Missiles (Sparrow and MB-1)	112.0	
	701.6	
(e) Cost of Completing Arrow/Sparrow development programme from 1 Sept. 58, from which 20 operational aircraft would be obtained	559.9	
Total Programme Cost	1,261.5	
AVERAGE COST PER WEAPONS SYSTEM		12.6

2. *Estimated Cost of 100 F106C Aircraft United States Production*

(a) 100 aircraft at flyaway cost of $2.8M	280.0	
(b) Missiles — Falcon and MB-1	12.5	
(c) Support	73.1	
	365.6	
(d) Canadian Sales Tax & Customs — 25% of (a), (b) and (d)	91.4	
Total — 100 aircraft	457.0	
(e) Arrow/Sparrow Cancellation Charges (from 1 Sep 58)	102.0	
Total Programme Cost	559.0	
AVERAGE COST PER WEAPONS SYSTEM		5.590

Appendice "B"

Appendix "B"

SECRET

COST OF ALTERNATIVE AIR DEFENCE PROGRAMME PROVIDING 100 CF105 AIRCRAFT (80 FROM PRODUCTION; 20 FROM PREPRODUCTION)

	Expenditures to 31 Mar 58	Forecast Total Future Capital Expenditures	FORECAST EXPENDITURES BY FISCAL YEARS					
			1958/59	1959/60	1960/61	1961/62	1962/63	1963/64 & Future Yrs.
Arrow Preprod. (37)	221.0	568.2	203.2	237.9	112.0	12.1	3.0	–
Arrow Production (80)	–	589.6	4.0	114.0	201.0	176.0	90.0	4.6
Sparrow	15.1	170.3	26.2	21.1	24.2	33.8	50.0	15.0
Additional Facilities CF105	–	34.4	–	5.2	7.2	7.0	9.0	6.0
Bomarc 2x60 – Estimated total cost	–	164.0*						
Additional Radars & Gap fillers	–	35.2						
SAGE – Estimated total cost	–	108.0*						
Total Capital Costs	236.1	1669.7						

* – These figures are estimated total cost – no cost sharing has been taken into consideration.

NOTE: Should the existing Arrow/Sparrow programme be cancelled effective 1 Sept 1958

(a) Amount spent from 1 Apr 58 to date of cancellation is estimated at $67 M. (Arrow — $55.6 M, Sparrow – $11.4 M)

(b) * In addition the amount which may be spent for cancellation is estimated at $102 M. (Arrow – $89.4 M, Sparrow – $12.6 M)

* DDP is of the opinion that in the final event the cancellation charges may be $80 M to $100 M.

Appendice "C"

Appendix "C"

SECRET

COST OF ALTERNATIVE AIR DEFENCE PROGRAMME CANCEL ARROW/SPARROW, ADD TWO ADDITIONAL BOMARC SITES

	Expenditures to 31 Mar 58	Forecast Total Future Capital Expenditures	FORECAST EXPENDITURES BY FISCAL YEARS					
			1958/59	1959/60	1960/61	1961/62	1962/63	1963/64 & Future Yrs.
Arrow Cancellation Charges (from 1 Apr 58)	221.0	145.0	120.0	25.0	–	–	–	–
Sparrow Cancellation Charges (From 1 Apr 58)	15.1	24.0	18.0	6.0	–	–	–	–
Bomarc 2 x 60 – Estimated total cost	–	164.0*						
Additional Bomarc								
West Coast 1 x 60	–	88.3						
Tie into Existing SAGE	–	6.0						
East Coast 1 x 60	–	87.0						
Tie into SAGE Sector	–	6.0						
Additional Radars & Gap Fillers	–	35.2						
SAGE Estimated Total Cost	–	108.0*						
Total Capital Costs	236.1	663.5						

* – These figures are estimated total cost – no cost sharing has been taken into consideration.

Appendice "D"

Appendix "D"

SECRET

COST OF ALTERNATIVE AIR DEFENCE PROGRAMME CANCEL ARROW/SPARROW, AND 100 F106C AIRCRAFT

	Expenditures to 31 Mar 58	Forecast Total Future Capital Expenditures	FORECAST EXPENDITURES BY FISCAL YEARS					
			1958/59	1959/60	1960/61	1961/62	1962/63	1963/64 & Future Yrs.
Arrow Cancellation Charges (from 1 Apr 58)	221.0	145.0	120.0	25.0	–	–	–	–
Sparrow Cancellation Charges (From 1 Apr 58)	15.1	24.0	18.0	6.0	–	–	–	–
100 – F106C Aircraft c/w Weapons System – ** US Production	–	457.0	–	114.0	160.0	137.0	46.0	–
Additional Facilities F106C A/C	–	34.4	–	5.2	7.2	7.0	9.0	6.0
Bomarc 2 x 60								
Estimated Total Cost	–	164.0*						
Additional Radars & Gap Fillers	–	35.2						
SAGE								
Estimated Total Cost	–	108.0*						
Total Capital Costs	236.1	967.5						

* – These figures are estimated total cost – no cost sharing has been taken into consideration

NOTE: ** Increased cost for Canadian Production $74.3 M.

---

79. DEA/50245-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], August 26, 1958

AIR DEFENCE REQUIREMENTS

The Cabinet will discuss at an early date, possibly this week, recommendations from the Department of National Defence on this subject. These have already been discussed by the Cabinet Defence Committee at meetings which took place during your absence in New York, but without any decision being reached. The documents in question are enclosed with this memorandum. They are as follows:

(a) A memorandum from National Defence dated August 8 entitled "Air Defence Requirements." Recommendations are contained on pages 3 and 4 of this document.

(b) A second memorandum from National Defence dated August 19 entitled "Report on the Development of the CF-105 Aircraft and Associated Weapons System 1952-1958."† Pages 10 and 11 of this document summarize the reasons for the recommendation to cancel the CF-105 programme.

(c) A memorandum from the Department of Defence Production dated August 7 entitled "Sharing of Production Tasks in North American Air Defence."

(d) A memorandum prepared by the Department of Finance dated August 13 entitled "Some Considerations relating to the Defence Programme."

(e) Our own memorandum of August 14 entitled "Continental Air Defence — Foreign Policy Implications." This memorandum was sent to you in New York for approval. A summary of the memorandum, originally prepared for the Prime Minister, is also attached.

You will recall that Cabinet Defence Committee approved two projects related to continental air defence at its meeting on July 28. These were the extension of that part of the Pinetree Radar System which lies in Western Canada, to be financed by the United States, and the introduction of SAGE facilities in the Ottawa air defence sector. The reason these projects were submitted separately to Cabinet is that they are to some extent independent of other air defence requirements. They will be useful whatever decisions are made with regard to the CF-105 and BOMARC.

The projects now before Cabinet involve the CF-105 programme, the installation of two BOMARC missile bases in Eastern Canada, and installation of two additional Pinetree Radars in Eastern Canada. These are being considered together because whatever decision is made with regard to one will have some influence on the others. The two radars for example would be necessary to service either the BOMARC or the CF-105. It is generally agreed that the requirements concerning the radars and the BOMARC bases are acceptable, provided suitable cost-sharing and production arrangements can be worked out. They will form part of a Canada-United States line defence system which follows roughly the 49th Parallel. BOMARC bases just to the south of the border are being installed west and south of the Great Lakes. East of this area, however, it makes more sense to install bases in Canada if the defences are to have the required depth. The two radars to be installed to the North of these bases will enable the weapons to be fired, if necessary, earlier than would otherwise be possible, and thus have the incidental effect of enabling the air battle to be engaged over relatively unpopulated parts of Canada.

The recommendation to cancel the CF-105 programme is based on several factors which can be summarized as follows:

(a) The threat is changing from a predominantly manned bomber attack to a missile attack and the CF-105 has no capability against missiles.

(b) The costs of the programme are exorbitant when compared to the alternative of purchasing suitable aircraft in the United States.

(c) The Canadian defence programme has a diminishing requirement for manned interceptors and it would not be economical to produce the approximate 100 aircraft now required.

(d) The development of defensive missiles by the United States has been more rapid than was expected and these would appear to be equally, if not more, effective against modern jet bombers than the supersonic manned fighter. Furthermore, they are cheaper.

This Department does not share in the responsibilities for producing these changed estimates of the validity of the CF-105 programme, except in so far as we have participated in the intelligence analysis of the changing threat. We have, however, raised questions about the usefulness of increased defence expenditures on manned aircraft in relation both to our NATO and U.N. commitments and to our non-military commitments abroad. We have not stated that our defence expenditures should not be increased and indeed we have made the point that these expenditures should bear some kind of constant proportion to American defence expenditures if we are to justify the maintenance of Canadian control over defence activities in Canada. Our concern has been that, if large and increasing expenditures on continental air defence are considered necessary for military reasons, then Canada should spend her share on projects which can best be justified on political and economic grounds. We have urged the closest possible co-operation with the United States in order to bring this about.

I would draw your attention, in this connection, to the Defence Production memorandum which makes a persuasive case in favour of integrating Canadian and American military production facilities in order that Canada may do her share in the most economical way possible from the point of view of Canadian industry. It seems to me this argument deserves our full support, particularly in so far as its conclusions are relevant to our difficulties with the Americans over the construction and procurement clauses in our Notes on joint defence projects. The concept of sharing production tasks between Canadian and United States industry in the field of continental defence could also be of great value to us in explaining to the Americans the cancellation of the CF-105 programme and in discussing its consequences.

Finally, I have reservations about the language of the recommendations to Cabinet in the Department of National Defence paper,[129] and would like to suggest for your consideration and possible submission to Cabinet a revised form of recommendation. This revision is attached† to this memorandum. It has been made with two objections in mind to the recommendations as now drafted. These are:

(1) That no reference is made in the recommendations to the question of control and storage of the atomic warheads associated with the BOMARC missile, although this matter is referred to in paragraph 4 of appendix "A" of the National Defence memorandum. I think approval to the installation of the two BOMARC bases should be made conditional on intergovernmental agreement with respect to the problem of control and storage of the atomic warheads.

(2) The present recommendations place approval of the proposed projects ahead of and unrelated to cost-sharing and production arrangements. Our revised draft makes approval conditional upon the satisfactory conclusion of negotiations with the United States on such arrangements, as well as on the problem of control and storage of atomic warheads mentioned above.[130]

J. L[ÉGER]

---

[129] Léger fait allusion ici au Document D9-58 du 8 août du Comité du Cabinet sur la défense, et non au document du Cabinet 247-58 du 22 août 1958.

Léger refers here to Cabinet Defence Committee Document D9-58 of August 8, not Cabinet Document 247-58 of August 22, 1958.

[130] Note marginale :/Marginal note:

Mentioned to Cabinet early Sept [Sidney Smith]

80. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], August 28, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green) (for afternoon meeting only),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks) (for afternoon meeting only),
The Solicitor General (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill) (for afternoon meeting only),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

AIR DEFENCE REQUIREMENTS; RECOMMENDATIONS OF CABINET DEFENCE COMMITTEE

14. *The Minister of National Defence* said that the Cabinet Defence Committee had reviewed the air defence requirements for rounding out the air defence weapons system against the manned bomber. The committee had agreed to recommend that two BOMARC bases be created in the Ottawa and North Bay area, and two additional heavy radars installed in Northern Ontario and Quebec with associated gap-filler radars. It was also proposed that negotiations be started with the U.S. for the cost-sharing and production-sharing of the BOMARC bases and equipment and the heavy radars and related equipment. The committee had referred to the Cabinet for consideration proposals to cancel the CF-105 programme and to investigate additional missile installations and a possible alternative interceptor to the CF-105.

Last October the Cabinet had approved continuation for another twelve months of the CF-105 development programme, which included the ordering of 29 pre-production aircraft, improvements in tooling, acceleration of the development of the Iroquois engine, and the continuation of the necessary related programmes. In a project such as this there were two main phases; development and pre-production and, then, production for operational service. These overlapped. The first was now well advanced and a decision was therefore urgently required as to whether or not to go into production.

The R.C.A.F. now had nine all-weather squadrons and the present programme called for their re-equipment with the CF-105, requiring a production order of 169 in number. These, together with aircraft recovered from the development and pre-production order for 37, would provide sufficient aircraft for nine squadrons. The total cost would be $2 billion spread from 1959-60 to 1963-64.

A study of the implications of continuing this programme, its impact on the whole defence programme and the necessity of considering future requirements, such as defence against intercontinental ballistic missiles, had necessitated a review of the air defence programme. The Chiefs of Staff had undertaken such a review. The main points that were considered were the following:

> The assessment of the threat to North America had changed. In the 1960's, the main threat would probably be from ballistic missiles with the manned bomber decreasing in importance after 1962-63. However, a combination of the two might be the threat until Soviet manned bombers were depleted. The rapid strides in technology were such that to provide a suitable manned fighter to cope with heavy jet bombers was extremely expensive. Furthermore, ground-to-air missiles had now reached the point where they were at least as effective as a manned fighter, and cheaper. The original requirements in 1953 for between 500 and 600 aircraft of the CF-105 fighter had been drastically reduced. Subsequently, thought had been given to reducing it still further now that the BOMARC missile would probably be introduced into the Canadian air defence system. Finally, the cost of the CF-105 programme as a whole was now of such a magnitude that the Chiefs of Staff felt that, to meet the modest requirement of manned aircraft presently considered advisable, it would be more economical to procure a fully developed interceptor of comparable performance in the U.S.

The Minister proposed that the recommendations of the Cabinet Defence Committee on the BOMARC bases, the heavy radars, the gap fillers, and on negotiating with the U.S. regarding cost-sharing and production-sharing be approved, and that consideration be given to abandoning the CF-105 and to authorizing the Chiefs of Staff to investigate an alternative for it and to consider any additional missile installations that might be required. He himself recommended cancelling the CF-105 programme in its entirety and deferring for a year any decision to order interceptor aircraft from the U.S.

An explanatory memorandum had been circulated, (Minister's memorandum, Aug. 22, 1958 — Cab. Doc. 247-58).

15. *Mr. Pearkes* explained that the CF-105 programme consisted of four major projects; the airframe, development of which was being undertaken by AVRO in Toronto; the Iroquois engine at Orenda Engines Ltd., also in Toronto; the fire control system (ASTRA) on which Westinghouse in Hamilton was co-operating with a U.S. company, and the weapon (SPARROW) on which Canadair in Montreal was co-operating with a U.S. company. There were, of course, several sub-contractors in many parts of Ontario and Quebec. He outlined some limitations of the aircraft, some details of the costs involved, and some of the difficulties that had been encountered since the programme's inception. Not long ago he had been disposed to recommend that it go ahead and aircraft be ordered for squadrons service. However, the change in the nature of the threat and the very great cost of development and production had brought him to make the recommendation he had. He was fully aware of its seriousness but he had made it after very careful study of all the factors involved.

He went on to describe the semi-automatic ground environment (S.A.G.E.) System and the steps that had to be taken to introduce it, whether or not the government decided to proceed with the CF-105. He also described the U.S. intentions on BOMARC and how they related to Canada. In addition to installing two such missile sites in central Canada, it might also be desirable to install one base in the Vancouver area and one in the Maritimes. There were considerable advantages in adopting BOMARC. It was cheaper than the CF-105, in terms of men and money, and just as effective. The missile could be fitted with an atomic warhead and the U.S. would probably supply heads on the same basis ("key-to-the-cupboard"), as they made atomic weapons available to the U.K.

As regards aircraft, the U.S. authorities had made it quite clear that they did not intend to buy any CF-105s. Their own F-106C was comparable in performance to the CF-105, it would be available for squadron service several months earlier, and it cost less than half as much. The U.S. was also developing the F-108, a huge aircraft with a range of approximately 1,000 miles.

His recommendation to abandon the CF-105 and investigate other aircraft and missile possibilities meant that the government would have a year to decide whether it should re-equip air defence fighter forces wholly with the BOMARC, or an alternative aircraft, or a combination of both. Within that time there should be a better understanding of Soviet intentions as to whether they were likely to introduce more or better bombers, or go completely into missiles. Decisions could be taken in the light of the then existing information. Abandoning the CF-105 would of course be a rude shock to the aircraft industry, but it would not mean its complete cessation. DeHavilland would not be affected nor would be transport and marine aircraft sections at Canadair.

16. *During the long discussion* the following points emerged:

(a) It was doubtful if the BOMARC missile or components could be manufactured in Canada. However, the launchers might be.

(b) Layoffs involved in abandoning the CF-105 would amount to well over 25,000 and there was some doubt as to whether these workers could obtain alternative employment. This would have an extremely adverse effect on the economy which now needed every push it could get. This was the most serious aspect of the proposal.

(c) It was argued, on the other hand that, surely, in an economy as potentially vigorous as Canada's, employees would soon be absorbed in other jobs. There was no more expensive way of keeping people at work than by the CF-105 programme.

(d) If the CF-105 were not abandoned, it would mean an increase in the defence budget of $400 million a year for several years. Even without this the deficit in 1959-60 would be as much as in the current year. If it were at all responsible, the government would have no alternative but to increase taxes should the 105 be put into production. Adding it to the present overall rate of deficit would mean the wrecking of Canada's credit and the stimulation of inflation.

(e) The CF-105 would be of no use against ballistic missiles. It would, however, be effective against air-breathing, unmanned bombers. There was no chance of having an anti-missile missile by 1960 or 1961. The Sparrow, with which the CF-105 was to be equipped, could not be fitted with an atomic warhead.

(f) Although it would be most helpful if the facilities presently used on the CF-105 programme could be converted for the development of missiles, this was highly unlikely. The best possibility for the future was a production programme of partnership with the U.S. The U.S. authorities had indicated they would be willing to allocate a significant share of future missile development to Canada, but this would not occur for some time and would mean considerable discussions with them. The U.S. had not yet reached a decision on the type of anti-missile missile they would require.

(g) The United Kingdom would not buy the CF-105 and it was most unlikely that any other N.A.T.O. country would either. The U.K. was practically out of the interceptor field and was concentrating on missiles, many of which were being acquired from the U.S. Indeed, the whole trend in Europe was towards missiles, but the air defence problem there was different to that in North America.

(h) One means of helping the aircraft industry would be to manufacture transport aircraft, under licence for Trans-Canada Air Lines and possibly other domestic users.

(i) The evidence available indicated that the U.S.S.R. did not intend to match the U.S. with a long range air force similar to the Strategic Air Command, or come anywhere near it. Recently, the U.S. thought the Russian bomber force was bigger than we did. Now this was not the case. The intelligence authorities were coming to the view that the U.S.S.R. would not launch an attack until it was clearly superior in ballistic missiles to the U.S.

(j) The U.S. was planning to equip its air defence forces half with missiles and half with aircraft. Should not Canada plan to do roughly the same thing? If the CF-105 were discontinued Canada would be completely dependent on the U.S. for equipment for the R.C.A.F.

(k) The CF-100 would soon be obsolete and there was no demand for it here or from abroad. No help for the industry, therefore, could be expected by way of more orders for it.

(l) On military or financial grounds it seemed clear that there was no reason to continue the programme. Indeed, many members of the Conservative Party had said in the past that it was quite unwise for a country of Canada's size to attempt to develop an aircraft of this kind in the first place. Instead, they had advocated the manufacture of military aircraft under license. However, to abandon the CF-105 now and undertake to produce the U.S. F-106C, which was physically quite possible, would be a serious political mistake.

17. *The Cabinet* deferred decision on the recommendations of the Cabinet Defence Committee regarding air defence requirements, including the future of the CF-105 programme.

R.B. BRYCE
Secretary to the Cabinet

---

81. DEA/50309-40

Le président du Comité des chefs d'état-major
au ministre de la Défense nationale

Chairman, Chiefs of Staff Committee,
to Minister of National Defence

TOP SECRET [Ottawa], August 29, 1958

JOINT CANADA-UNITED STATES ALERTS

1. On 22 January 1957 Cabinet Defence Committee was made aware, incidental to consideration by the Committee of procedures for consultation between Canada and the United States on alerts, that:

> "Because of the involvement of Canada in the joint continental air defence system, Canada would automatically be implicated in any activation of the system by the United States based on intelligence received from outside the system as, for example, from the Far East." (CDC Document D.7-57 dated 22 January 1957 refers).[131]

2. This assumption has been confirmed by subsequent experience — notably by the recent increased readiness of the whole North American air defence system occasioned by the Middle East crisis.

---

[131] Voir/See Volume 23, Document 86.

3. It is similarly quite possible that the current Taiwan situation[132] may develop to the stage that the United States would deem it prudent to increase the readiness state of American forces — including American continental air defences, and thus involving NORAD. Conceivably this might occur should US forces become directly involved in the Taiwan area, thus creating a situation wherein the United States was engaged in open conflict with forces of a major Communist power and thereby increasing the possibility of full-scale war.

4. Proposed CAN/US agreements provide for consultation between the two countries, where time permits, before declaration of "alerts." This latter term does not however include increased air defence "readiness" states which may be assumed prior to declaration of an alert either because of indications within the air defence system proper, or because of heightened international tension. In both types of circumstances the CINCNORAD order to increase readiness is communicated to the RCAF Air Defence Command and to Air Forces Headquarters.

5. It will be understood, of course, that the placing of Canadian, or in fact United States, air defence elements on increased readiness would not result directly from hostilities which might occur in other parts of the world, *but only from the fact that such hostilities may indicate an increased danger of attack against North America.*

6. As you are aware, these increased readiness measures were designed to increase military preparedness without alarming the general public, and it was hoped that these measures could be taken without making any public announcement. However General Twining has informed me that during periods of tension, such as exist at the present time, it is impossible for the United States forces to take any increased measures which would not be apparent to the families of affected Service personnel and thus to the press. Therefore such action would soon become the subject of rumour and the U.S. Chiefs consider that it is perhaps better to issue an accurate announcement regarding these measures rather than to leave them open to press speculation. Therefore we must assume that any measures taken will become public, and it would appear prudent to make an announcement concerning them as soon as possible after a decision is taken to increase readiness.

7. I feel that it would be advisable for you to mention this situation to the Prime Minister and to the Secretary of State for External Affairs, and to suggest that it might be advisable if, in any further statements regarding the Far Eastern situation, the possibility of its resulting in increased air defence readiness were casually mentioned.

8. I am attaching an outline of the various degrees of NORAD readiness as they affect the RCAF.

CHARLES FOULKES

[PIÈCE JOINTE/ENCLOSURE]

Apperçu

Outline

SECRET

Increased Readiness

Any degree of preparedness greater than normal preparedness but less than "Air Defence Readiness," whereby measures are instituted to provide increased air defence potential against an unknown or doubtful threat. (In each such case the actual degree of increased preparedness is directed by NORAD; e.g., the numbers of aircraft which are to be prepared to react promptly to an attack are specified. Implementing action might typically include cancellation of leave, reduction of flying training, etc.)

---

[132] Voir 2ᵉ partie, chapitre 3./See Part 2, Chapter 3.

Air Defence Readiness

The maximum degree of preparedness, whereby all available forces are placed in a state of immediate air combat readiness. (In such cases every available aircraft and crew and all supporting personnel would be alerted to take part in possible operations. Leave would be cancelled, operation sections would be fully manned on a 24-hour basis, communications systems would be prepared for full, sustained operations, maintenance crews would attempt to get every aircraft possible into a serviceable state, etc.)

---

82. DEA/50309-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa] September 2, 1958

SITUATION IN THE TAIWAN STRAITS — EFFECT ON NATO

As a result of the consideration which had been given over the weekend of increased readiness for the North American air defence forces because of the Taiwan situation, I believe the considerations set out in this memorandum should be drawn to your attention. I attach for convenience of reference a memorandum of August 29 on the subject from General Foulkes to Mr. Pearkes, an earlier copy of which you have already seen.

2. CINCNORAD is authorized by his terms of reference to

> "specify the conditions of combat readiness, to include states of alert, to be maintained by all forces assigned, attached and otherwise made available, including augmentation forces while under the operational control of CINCNORAD."

We understand that the measures of increased readiness which CINCNORAD is empowered to put into effect are designed to increase military preparedness only and would not include measures affecting the civil population. We understand that CINCNORAD would issue instructions in this context in two circumstances; (a) because of heightened international tension, (b) because of indications of enemy activity within the air defence warning system itself. In other words, CINCNORAD's action would be taken at what might be considered the two extremes of the spectrum of the threat to North America — as purely precautionary measures when world tension generally increases, or as an operational measure when enemy planes are within the air defence system.

3. A more general Canada-United States "alerts" agreement has been under negotiation for several years, and while it has been approved by the Canadian Government, it has not had the final approval of the United States Government.[133] It is designed to provide for consultation between the two countries where time permits *before* an alert declaration affecting the civil population is made by either Government. This type of alert has been considered to require governmental approval. An increase in the state of readiness of air

---

[133] Voir section C de cette partie./See Section C of this Part.

defence forces has been considered to lie within the power of the operational commander, although it has been assumed that he would exercise common sense in informing his superiors of his proposed action.

4. It would be impossible to declare a state of military readiness for the air defence forces of the United States alone. This would vitiate the NORAD concept and bring into serious question the reality of our agreement with the United States on the establishment of NORAD. At the moment, as a result of a discussion with Washington over the weekend, agreement has been reached that before CINCNORAD declares a state of increased readiness General Twining, the Chairman of the United States Joint Chiefs of Staff, will consult with General Foulkes. This consultation will give the Canadian Government time to issue its own statement with respect to the declaration; or conversely, to offer opposition to the United States proposal. I assume that if the Canadian Government agreed that the situation called for the declaration of increased military readiness it would issue a statement along the lines of that made during the Lebanon crisis; namely, that CINCNORAD's decision was the type of decision which our own air defence authorities would have taken in circumstances of increased world tension, had they been operating on their own rather than as part of an integrated system.[134] This would in fact be the situation, for whenever world tension increases for no matter what cause it is a matter of common prudence that our defences be brought to an increased state of readiness. Such an action does not in any way prejudge the Canadian Government's policy on the cause of increased tension or on actions which should be taken to decrease that tension.

5. I believe that the ad hoc arrangements which have been made for consultation in this case are satisfactory. The burden of proof that it is necessary to increase the readiness of North American air defence rests on United States authorities who must offer us convincing military reasons for a declaration by CINCNORAD. These would be apart entirely from the discussions of the political factors involved in the Taiwan situation on which again there might be a discrepancy of opinion between the two Governments. The two situations are, however, related. It is precisely because our air defences are so closely integrated that the policies and actions of the United States Government with respect to the Taiwan situation are of direct interest to us.

6. You may consider it desirable that we should make further comments on the substance of the issue to the State Department. We might indicate that should United States forces become directly involved in fighting in the Taiwan area there would be no question in our minds as to the necessity of an increase in the readiness of our air defence forces since the possibility of full-scale war would be great. Short of that eventuality, however, we would need to have convincing evidence of an increased threat to North America before we would find it possible to agree on the necessity of a declaration by CINCNORAD of an increased state of military readiness. There is little doubt that a conversation begun in this light with the State Department would extend to other facets of the problem of the Taiwan Straits, and would give us an opportunity to put forward Canadian views on the wisdom, or lack of wisdom, of United States policy in this respect as we saw it.

J. L[ÉGER]

---

[134] Voir Canada, Chambre des Communes, *Débats*, 1958, volume III, pp. 2406 et 2407.
See Canada, House of Commons, *Debates*, 1958, Volume III, p. 2288.

83. DEA/50309-40

Le président du Comité des chefs d'état-major
au sous-secrétaire d'État aux Affaires extérieures

Chairman, Chiefs of Staff Committee,
to Under-Secretary of State for External Affairs

TOP SECRET Ottawa, September 2, 1958

Dear Mr. Léger:

JOINT CANADA-U.S. STATES OF READINESS

Further to our conversation of today's date, I have given this problem of increased readiness further thought, and I have had a telephone conversation with Air Marshal Slemon in Colorado Springs.

I am of the opinion that we should now take steps to deal with a situation such as that now developing in the Far East, in which there are divergent political views, so that it would not be necessary to place any restrictions on CINCNORAD regarding specifying conditions of combat readiness as agreed to in the terms of reference, para. 10(i). Furthermore I would hope that it would never be necessary for us to go back on this agreement of 12 May, which allows CINCNORAD to specify these conditions of combat readiness. You may recall that when these terms of reference were agreed to it was generally understood that increased conditions of operational readiness would be limited to the type of military action which could be taken within the military organization itself without in any way alarming or even informing the public. This condition was mentioned in the draft letter from Mr. Dulles (January, 1958)† which states:

> "Further the alert measures we are concerned with in this proposal would not include those partial or limited measures such as increased conditions of operational readiness of the armed forces which do not involve or directly influence the population at large."

You will recall that in July last, the Chiefs of Staff of Canada and the United States agreed that the situation in the Middle East was such that it was considered advisable to adopt an increased state of readiness and it was considered at that time that the measures agreed upon could be taken without any publicity. The U.S. Chiefs of Staff then found that because of the increased tension the press were on the alert, watching for any changes in the disposition of the U.S. forces, with the result that within a few hours of the decision being taken to adopt a state of increased readiness the U.S. Chiefs of Staff found it necessary to make a public announcement.

On a recent visit to Washington I discussed this matter with General Twining, and he explained that while the Chiefs of Staff felt that it should be possible to adopt positions of increased readiness without notifying the public, he felt that during a period of tension this would be virtually impossible. Therefore we must assume that any changes in the operational readiness of our forces taken during a period of international tension would have to be made public. This may require an explanation to the House of Commons of the reasons why these conditions are necessary. It therefore appears to me that any changes in the operational readiness of our forces during periods of tension become a matter of political concern as much as military prudence. It appears that the political authorities should decide whether or not the situation demands increased readiness and the military should decide what are the minimum measures necessary to meet the new situation.

I have discussed this matter with Air Marshal Slemon today, and it is CINCNORAD's view that there are two conditions which might dictate a requirement for increasing the state of readiness. The first condition is that from his own intelligence sources he may decide that there is an increased threat to North America, in which case he should be allowed, as his terms of reference now provide, to call a state of readiness. The second circumstance is one similar to that which occurred in July and may occur now over the Far East, where the Chiefs of Staff of the United States, after consultation with the Chiefs of Staff of Canada, decide that it is advisable to recommend to CINCNORAD that he increase the state of readiness. It therefore appears to me that we should not interfere in any way with the first provisions, which allow CINCNORAD to declare increased states of readiness as a result of conditions arising out of the air defence situation. In the second case, however, where it requires an assessment of the international situation in both the political and the military fields, this should be a matter of consultation on the political and military levels before CINCNORAD is asked to take any additional states of readiness. Although we agreed to the draft letter from Mr. Dulles in January, that consultation was not necessary on states of readiness, this was on the assumption that these changes in states of readiness could be accomplished without being made public.

It is therefore suggested that we should initiate discussions with the United States on these lines and ascertain whether they would be prepared to carry out political and military discussions regarding conditions requiring increased states of readiness to be declared by NORAD on the advice of the Chiefs of Staff of both countries. It would appear to me that if we could clear up this part of the question, it would prevent any reservations being placed on the agreed terms of reference of CINCNORAD or any situation arising when embarrassment may be caused by increasing states of readiness.

Yours sincerely,

CHARLES FOULKES

84. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 3, 1958

Present:
The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green) (for morning meeting only),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees) (for afternoon meeting only),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan) (for afternoon meeting only),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley) (for morning meeting only),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

AIR DEFENCE REQUIREMENTS; RECOMMENDATIONS OF CABINET DEFENCE COMMITTEE (PREVIOUS REFERENCE AUGUST 28)

3. *The Minister of National Defence* said that, since this subject had last been discussed, Mr. John Tory, one of the directors of A.V. Roe, and Mr. F.T. Smye, Vice-President of Avro Aircraft Ltd., had discussed the future of the CF-105 with the Prime Minister, the Minister of Finance, and himself. These men recommended that the airframe and Iroquois engine elements of the programme be continued but that the fire control system (ASTRA) and the weapon (SPARROW) projects be dropped and substitutes obtained in the United States. Instead of ASTRA and SPARROW they had suggested the U.S. Hughes MA-1 system and the FALCON, respectively. He had had cost estimates prepared on this suggestion and comparisons made with other alternatives. These were as follows:

Expenditures for 100 aircraft, from September 1st, 1958:

105/Astra-Sparrow	$1,261.5 million or	$12.61 million each
105/Hughes MA-1-Falcon	$ 896.0 million or	$ 8.91 million each
U.S. 106	$ 559.0 million or	$ 5.59 million each
BOMARC (to provide roughly equivalent defensive strength)	$ 520.3 million	4 batteries of 60 missiles each (no cost-sharing with the U.S.)

4. *During the discussion* the following further points emerged:

(a) If it turned out in a year's time that the U.S.S.R. was going to equip its air force with newer, more modern bombers, then Canada would have to buy BOMARC or an interceptor from the U.S., or both, assuming the CF-105 was abandoned.

(b) If, on the other hand, it was clear at that time that the U.S.S.R. was not producing bombers, arrangements would have to be made with the U.S. for defence against missiles.

(c) There would be no chance of resuming the CF-105 programme once it was cancelled. It would be better to cancel it now than to be confronted with no more work for Avro, and the other companies involved, after production of 100 aircraft was drawing to an end in 1961 and 1962. It was unwise to encourage the aircraft industry to continue to produce equipment that could quite well be obsolete by the time it was available.

(d) BOMARC might possibly be manufactured in Canada, under licence, by Canadair, which had the closest connections with the company in the U.S. doing this work. Avro and the other companies in the CF-105 programme would probably not be involved in such a project.

(e) It had been said by some that not only were manned interceptors becoming obsolete but so also were naval surface vessels. The latter eventuality, however, was further in the future than the first. Nuclear-powered anti-submarine submarines would be the most useful defence against enemy submarines equipped to launch atomic weapons. But they were very expensive. Failing that, the surface ships and the anti-submarine aircraft, with which Canadian forces were being equipped, provided a reasonable defence against possible assaults from the sea.

(f) The Chiefs of Staff were divided on the question of the CF-105. The Chief of the Air Staff felt there was a useful role for the manned interceptor, but the specific type of equipment and armament he preferred would depend upon the amount of money that was available. The heads of the other two services felt the nature of the threat was changing so quickly that the situation should be kept under review for a year. They did feel that the CF-105 programme, as it presently stood, was not the best way to spend so much money. The Chairman was of the view that BOMARC would give the best defence for the money likely to be available.

(g) The truth was that no one could forecast with reasonable precision what the requirement might be a year hence. Each of the military services had their own special reasons for the views they held. The Navy and the Army were particularly concerned that going ahead with the CF-105 might mean less money for them in the future. However, it would be unwise to look for reductions in these two services, even with the CF-105, unless some very drastic steps were taken.

(h) The Conservative Party, right from Confederation, had always been a vigorous protagonist of the theory that Canada's needs should be met from within Canada. To abandon the CF-105 even though it was so expensive and might be obsolete would be hard to explain. On the other hand, it would be equally hard to explain, in three or four years, why the government had spent vast sums of money on a relatively small number of aircraft which might by then be virtually useless.

5. *The Minister of Finance* reported on the representations made to him by Mr. Tory and Mr. Smye of Avro. The CF-105 programme supported 25,000 persons in employment. If it were abandoned, the highly skilled pool of talent drawn together for the project would be dispersed and many of the people concerned would go to the United States, never to return. No portion of Avro's profits had been invested in other sectors of the group of which Avro was now a part except in the aircraft industry. Although controlled by the Hawker-Siddley

group, Avro was in large part owned by Canadians. They had stated that the R.C.A.F. made a major mistake three years ago by recommending the adoption of SPARROW and ASTRA. A great deal of money could be saved by using the FALCON and the Hughes fire control system. Finally, they said that, if the programme with their proposed modification were continued, their company would have a reasonable opportunity before the end of 1962 to look for other business. If they found little or none, then Avro would be in real difficulties.

Mr. Fleming said he had pointed out to Messrs. Tory and Smye that their arguments, that the Falcon missile and Hughes fire control system developed by the United States should be good enough for Canada, could also be used against them in regard to the airframe and engines which they wanted produced in Canada by their own firm. Mr. Smye, in particular, had been very critical of some R.C.A.F. decisions and officers.

6. *The Minister of National Defence* felt bound to say that the R.C.A.F. had conscientiously made the recommendations they thought would be the best in the interests of the defence of Canada. The government of the day was responsible for the decisions reached and the present government would be responsible for any decision on the future of the CF-105. He also said that the figures on savings mentioned by Mr. Smye should be treated with reserve. The latter had not been aware, for example, that there were a number of types of FALCON.

7. *The Cabinet* deferred decision on the recommendations of the Cabinet Defence Committee regarding air defence requirements, including the future of the CF-105 programme.

R.B. BRYCE
Secretary to the Cabinet

85. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 7, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Secretary of State for External Affairs (Mr. Smith),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

AIR DEFENCE REQUIREMENTS; RECOMMENDATIONS OF CABINET DEFENCE COMMITTEE (PREVIOUS REFERENCE SEPTEMBER 3)

42. *The Prime Minister* opened the further discussion of the proposal of the Minister of National Defence to cancel the CF-105 programme by stating that although ministers were relatively well agreed on the purely defence aspects, the serious problem still requiring consideration was the effect on employment and the general economic situation.

43. *The Minister of Finance* said that in considering matters of defence he naturally put the safety of the country ahead of finance. When it had been recommended a year ago that the CF-105 programme be continued, he supported the recommendation. Now, however, the military view was that the programme should be cancelled. In these circumstances, he did not see how the government could decide not to discontinue it. The arguments for continuing were that Canadian military requirements should be found in Canada, that cancelling the programme would throw upwards of 25,000 men out of work with serious effects on the economy, and that national prestige should be taken into account.

As regards the first, other things being equal or nearly so, military equipment should be produced in Canada. But in this case the cost per aircraft was twice as much as the cost of a comparable unit which could be obtained in the U.S., and, more important, the military authorities had now decided that the aircraft was not necessary. On the employment aspect, while a decision to discontinue would undoubtedly be painful, nevertheless, the workers involved would in time be absorbed in the national economy. There would still be an important aircraft industry in Canada without the CF-105. Finally, one had to agree that not going ahead would be a blow to national prestige. But no one even knew now what the price for maintaining this aspect of our prestige might be.

44. *Mr. Fleming* said he had asked himself if there was a middle course between cancelling the programme and going into production. Unfortunately, there was not. Once production was ordered the government would be committed. There was no time that was the right time for a decision like this one. He was sure, however, that it would be better to cancel now than be faced with a final shut down of the plants three or four years hence. Another factor to be kept in mind was that, by deferring cancellation, the programme, in effect, [would] become the present government's programme, whereas in cancelling now it could be said that the government had considered all aspects of a project started by the previous administration and had come to the conclusion that the best course was to abandon it. Finally, one had to keep in mind that by going ahead, and thereby adding approximately $400 million a year for four years to the defence appropriation, air defence would assume a disproportionate share in the defence budget. This was nearly the value of a year's wheat crop. An increase in railway freight rates, which was being considered, was a trifle by comparison. A good deal of northern development could be undertaken for much less. In short, cancelling the programme would be of much greater help to the economy as a whole than continuing it.

45. *During the discussion* the following further points emerged:

(a) In the forthcoming winter, unemployment would be higher than it was last year. Cancelling now, apart from the effect on the employees concerned, might well be the one psychological factor which would result in a break in the economy and lead to a drastic down-turn from which recovery would be extremely difficult. The programme should be allowed to continue over the winter and a decision taken then as to its future. During that period, management could consider what their plants might do in the future.

(b) On the other hand, continuing the programme, even for only six months, meant that orders had to be placed now for materials for production. Did this proposal mean that the pre-production order of 37 should be completed? If this were the case, only a few planes for identification purposes would be available and the individual costs would be astronomical.

(c) The U.S.S.R. had always said that western economies would ultimately collapse. Carrying on a project like this involving so much of the taxpayers' money and whose returns were questionable was surely only playing into Russian hands. The money could be put to better use elsewhere.

(d) On the other hand, while cancellation might be sound in theory, it might result in a recession. If employment prospects were better, the project could be dropped quickly. Continuing, even for only a few months, involved insignificant amounts compared with what would have to be spent during a real depression.

(e) If the project were abandoned, arrangements could quite probably be made with the U.S. to purchase 106Cs and also to secure atomic heads for the weapon with which they would be equipped. The U.S. authorities had also indicated in the last few days that they would be prepared to consider seriously cost-sharing and production sharing of defence equipment. They had also said they would be prepared to relocate northwards some of their proposed Bomarc installations. These Bomarc bases hardly seemed to cover Canada at all. They were most concerned at the moment over improvements to the warning system.

(f) Surely the Canadian public would give credit to the government in the long run for good housekeeping and it appeared that on defence and on sound economic grounds it was good housekeeping to discontinue the programme now.

46. *The Cabinet* deferred decision on the recommendations of the Cabinet Defence Committee regarding air defence requirements, including the future of the CF-105 programme.

R.B. BRYCE
Secretary to the Cabinet

---

86. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 8, 1958

Present:
The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Citizenship and Immigration
and Acting Secretary of State (Mrs. Fairclough),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith).

The Secretary to the Cabinet (Mr. Bryce),
The Registrar of the Cabinet (Mr. Halliday),
Mr. M.W. Cunningham, Privy Council Office.

. . .

AIR DEFENCE REQUIREMENTS; RECOMMENDATIONS OF CABINET DEFENCE COMMITTEE (PREVIOUS REFERENCE SEPTEMBER 7)

9. *The Prime Minister* said he felt a final decision on the recommendations of the Cabinet Defence Committee about air defence requirements should be deferred for a week or two, in the hope that new alternatives could be worked out, or a compromise reached.

10. *The Minister of National Defence* said that consideration could be given to the completion of 20 development and preproduction CF-105 aircraft and then producing another 48 aircraft. This would give a total of 68, divided into 5 squadrons, which would be the minimum operational aircraft required. The order would only slightly reduce employment at the Avro plant and would cost $400 million for the next two years, if the production rate were kept up. Before 1961 the programme might be slowed up and then come to a stop. 68 aircraft would also be the minimum if it were decided to purchase U.S. F106 C planes. If hostilities broke out, we should have to use the CF-100 and he would urge immediately starting on an anti-missile missile project. However, apart from this aspect of the problem, it was essential that some decision be taken on the installation of 2 Bomarc bases in the Ottawa-North Bay area and the installation of two additional heavy radars in Northern Ontario and Quebec and the installation of the associated gap filler radars.

He recommended that approval be given in principle to this part of the programme and that he be authorized to begin negotiations with the U.S. for cost-sharing and production.

11. *The Cabinet* agreed,

(a) that decision be deferred for some two weeks on what should be done with the present CF-105 (Arrow) programme pending further examination of various alternatives; and,

(b) that the Minister of National Defence be authorized to begin negotiations with the United States for cost-sharing and production sharing on the following:

(i) the installation of 2 Bomarc bases in the Ottawa-North Bay area; and,

(ii) the installation of 2 heavy radars in Northern Ontario and Quebec and the installation of associated gap-filler radars.

. . .

---

87. DEA/50245-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET [Ottawa], September 19, 1958

AIR DEFENCE REQUIREMENTS

We understand that the Cabinet will be continuing at the meeting on Sunday, September 21, its discussion of recommendations from the Department of National Defence on air defence requirements.

The papers which are still under consideration were sent to you under cover of a memorandum of August 26. For convenience of reference I am re-submitting that memorandum to you together with its attachments. There has been, in our estimation, no change since our earlier memorandum in the factors which have to be weighed by the Cabinet before reaching a decision.

In the last two weeks further consideration has been given at the official level to the matter of negotiations with United States on both cost-sharing and production-sharing. It is intended that Canadian representatives should meet with United States representatives early in October here in Ottawa to examine in greater detail what can be done towards a real integration of defence production resources of the two countries. The primary responsibility on the Canadian side will rest with the Department of Defence Production, although our Department has been kept fully informed of the line to be taken by the Canadian representatives. We may participate in the discussions with the United States representatives, although final arrangements in this respect have not yet been made. We have taken up in the last two weeks with the Americans through our Embassy in Washington, a specific case at the request of the Minister of National Defence. We have asked the United States Government to give earnest consideration to the purchase in Canada of the CL-44 airframe for use as part of an aircraft required on the Seaward extensions of the DEW Line.

At the suggestion of the Secretary to the Cabinet we have given consideration at the official level to the kind of public presentation to be made if the Government decides to cancel the CF-105 programme. The Secretary to the Cabinet had suggested that it might be desirable, in these circumstances, if the Government were to indicate that it had decided to arm Canadian forces in due course with atomic weapons for use in the air defence of North America and anti-submarine operations. The Government might indicate as well that it would be proceeding in co-operation with the United States Government and within the framework of NORAD to the establishment in Canada of a number of BOMARC missile installations. In this respect the Government might point out that it would now initiate discussions with United States on arrangements required for obtaining and utilizing the necessary atomic components for the BOMARCs. You will recall that last December the United States Government proposed discussions on the general question of introducing an atomic capability into the air defence system, and that after consideration the Cabinet deferred decision on the matter.[135] The Cabinet might now wish to authorize negotiations with the United States on some satisfactory agreement with respect to the control by the Canadian Government of the use of atomic weapons from Canadian territory. We see a good deal of merit in the suggestions which have been made by the Secretary to the Cabinet as outlined above.

J. W. [HOLMES]
for Under-Secretary of State
for External Affairs

---

88. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 21, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne) (for afternoon meeting only),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Fournier).

. . .

---

[135] Voir/See Document 55.

AIR DEFENCE REQUIREMENTS; RECOMMENDATIONS OF CABINET DEFENCE COMMITTEE (PREVIOUS REFERENCE SEPTEMBER 7)

21. *The Prime Minister* reported that he had seen Mr. Crawford Gordon, President of A.V. Roe Company, who had also interviewed Mr. Pearkes and Mr. Fleming. Mr. Gordon had recommended that production of the Arrow aircraft and the Iroquois engine be undertaken but the programmes for the Astra fire control equipment and the Sparrow missile be cancelled. There was nothing essentially new in his proposal.

22. *The Minister of National Defence and the Minister of Finance* reported on their conversations with Mr. Gordon and noted that he had made certain assertions in regard to the willingness of the U.S. government to provide fire control and missiles that would be suitable for the Arrow aircraft. He had mentioned some large figures of possible savings that might be made by obtaining such equipment from the United States but had been unable to be precise about these and the figures appeared to be exaggerated.

23. *In the course of a further long discussion* on this matter, the following points emerged:

(a) Few ministers had changed their minds on the desirability of cancelling the contracts for the Arrow and its associated equipment. The Cabinet was clearly divided in its view on the central question.

(b) The chief concern of those who wished to have the Arrow contracts continued was the probable shock to the employment situation of such a major termination of work as would be involved in the cancelling of these contracts. It was recognized that the major impact would be psychological, not simply financial and it was very difficult to judge just how important an economic factor it would be.

(c) Some ministers felt, on the other hand, that the effect of continuing this work would be to impose an unnecessarily high cost upon the Canadian economy, which would contribute to the inflationary dangers and the high cost of exports that were handicapping Canada in securing and maintaining export markets. A decline in employment on these projects would be inevitable several years from now in any event, and that might be a worse time to suffer it than this year.

(d) If production of the Arrow and its associated equipment went forward, it was likely to become publicly known that this was done contrary to military advice and there was a danger that the government would be accused of wasting many hundreds of millions of dollars for what were political or economic reasons. That might seriously shake the confidence in the government of the man in the street.

(e) There was some question as to just what the views of the Chiefs of Staff really were on this issue and how much reliance should be placed upon them. Their recommendation for termination of the programme now appeared to be at variance with their views earlier, although it should be noted that only the Chairman of the Chiefs of Staff Committee was a member of that committee at the time the original recommendations were made. The Chief of the Air Staff recommended that the R.C.A.F. should have interceptor aircraft but preferred to purchase U.S. aircraft if the amount of money available to him for aircraft were fixed.

(f) The current international tension would make it appear foolhardy to cancel an important development programme such as that of the Arrow and Iroquois, although it was noted that, if in fact war broke out, it would be necessary to use current types of aircraft and possibly to concentrate on the CF-100 rather than proceed with the CF-105.

(g) To carry on the development of the Arrow aircraft and the Iroquois engine until next March would cost in the neighborhood of $86 million; the economy might be better able to stand the shock of cancellation of the programme in March than at present and the international situation might be less tense at that time.

24. *The Prime Minister* suggested that a compromise should be considered on which possibly the Cabinet could agree. He thought such a compromise might involve carrying on the development programme until March but not beginning the production programme on the Arrow or the Iroquois at this time. This continuation of development might be regarded as a form of insurance in the present tense situation.

25. *During the discussion* of the compromise proposal, consideration was given to whether or not it would be possible to carry on only the Canadian elements in the development of the Astra and Sparrow, and it was recognized that further consideration would have to be given to that possibility, bearing in mind the undesirability of spending large amounts to continue development work in the United States and also the undesirability of terminating all this advanced work on electronics and missiles in Canada.

26. *The Cabinet,*

(a) approved in principle, the installation of two Bomarc bases in northern Ontario and Quebec and the installation of two additional heavy radars in northern Ontario and Quebec and associated gap-filler radars in the Pinetree system;

(b) decided that the development programme for the Arrow aircraft and the Iroquois engine should be continued until March 31st, 1959, within the scope made possible by the amounts available for it in the estimates for the current fiscal year;

(c) decided that production of the Arrow aircraft and Iroquois engine should not be ordered at the present time;

(d) agreed that a careful and comprehensive review of the requirements for the Arrow aircraft and Iroquois engine should be made before March 31st, 1959, in order to reach a decision before that date as to whether development should be continued or production ordered;

(e) agreed that the Chiefs of Staff should investigate and report upon the requirements, if any, for additional air defence missile installations in Canada and for interceptor aircraft of the nature of the CF-105 or alternative types;

(f) agreed that further consideration should be given to the possibility of continuing the development of the Astra fire control equipment and the Sparrow missile in Canada only; and,

(g) agreed that no statement of these decisions should be made until the following day or the next succeeding day pending further consideration of the Astra and Sparrow programmes.

. . .

89. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 22, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton) (for morning meeting only),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley) (for afternoon meeting only),
The Secretary of State (Mr. Courtemanche) (for morning meeting only).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Fournier).

. . .

AIR DEFENCE REQUIREMENTS; ASTRA AND SPARROW
(PREVIOUS REFERENCE SEPTEMBER 21)

1. *The Minister of National Defence* referred to the decisions of the preceding day concerning the continuation of development of the Arrow aircraft and Iroquois engine, and in particular the proposal to continue the development of the Astra fire control equipment and Sparrow missile in so far as that could be done within Canada. He said that investigation of the latter proposal this morning indicated that it was necessary either to continue the development programmes in toto for these items or to cancel them, as it was not possible to continue the Canadian portions alone. The major portion of the expenses this winter would be in the United States, particularly in respect of the Astra.

2. *During the discussion*:

(a) Various suggestions were made for continuation or expansion of electronic work of one kind or another in Canada, including the possibility of a rapid development of the electronic equipment under consideration for the Post Office, and on which some $3 million had already been spent.

(b) It was agreed that any decision on this matter should be deferred until later in the day when the Minister of Defence Production could be present after returning from the Commonwealth Conference in Montreal.

3. *The Minister of Defence Production* noted, on resumption of the meeting in the afternoon, that, if the development of the Arrow aircraft were to be carried on, there was great advantage in deciding forthwith about the future of the Astra. He noted that one alternative was to stop development of both Astra and Sparrow and switch to the American counterparts already developed, making the necessary modifications in the air-frame development. Another alternative would be to transfer the whole development of the Astra immediately to Canada, adapt the Falcon missile to it, and close out the development of the Sparrow.

4. *The Minister of National Defence* expressed the view that if, as seemed likely, the development of the Arrow would be terminated at the end of March, the sensible thing to

do would be to terminate the development of the Astra and Sparrow at the present time. Even if it were decided to continue with the production of a small number of the Arrow aircraft, it would still appear sensible to terminate the highly expensive Astra development. The electronic engineers and other technical personnel would be better employed to get to work on missiles and receive special training rather than continue the expensive work on the Astra and Sparrow. It would be necessary to modify the Arrow to use the alternative fire control system in it.

5. *The Cabinet* agreed that the programme for the development of the Astra fire control equipment and the Sparrow II missile should be terminated forthwith, and that this decision should be announced the following day along with those decisions on the air defence programme taken the preceding day.[136]

. . .

---

90. DEA/50309-40

Le sous-secrétaire d'État aux Affaires extérieures
au président du Comité des chefs d'état-major

Under-Secretary of State for External Affairs
to Chairman, Chiefs of Staff Committee

SECRET [Ottawa], September 25, 1958

Dear General Foulkes:

NORAD — STATES OF MILITARY READINESS

I am generally in agreement with the suggestion made in your letter of September 2 concerning the declaration, in certain circumstances, by CINCNORAD of increased states of combat readiness for the forces under his control. Prior to the receipt of your letter, I had made a somewhat similar suggestion to my Minister.

I believe we should, as you suggest, avoid tampering, at this stage at least, with CINCNORAD's terms of reference, and specifically paragraph 10 (i) thereof. There would not seem to be any need to suggest to the United States authorities that this particular section of CINCNORAD's terms of reference be changed. I think all that is required is that we reach agreement with the United States authorities as to how CINCNORAD will interpret paragraph 10 (i) of his terms of reference in one instance; namely, in a period of increased world tension but prior to any direct indication of the likelihood of attack on North America. The increased tension this year arising out of the Lebanon situation and the Taiwan situation are examples of what we have in mind. I understand that you were able recently to make *ad hoc* arrangements with the Chairman of the United States Joint Chiefs of Staff that before CINCNORAD declared a state of increased readiness on the basis of the tension in the Taiwan area, there would be consultation between the Canadian and United States Chiefs of Staff organizations. I assume that you in turn would consult with this Department and other interested Canadian agencies, and would not give your concurrence until Ministerial clearance had been obtained. What I believe we should seek is an agreement that this *ad hoc* arrangement would be accepted as a regular requirement in like circumstances.

---

[136] Voir/See Canada, Department of External Affairs, *Canadian Weekly Bulletin*, Vol. 13, No. 40, Oct. 1, 1958, pp. 1-2

If my understanding of the situation is correct, Canada-United States agreement on such an interpretation of CINCNORAD's terms of reference would then leave CINCNORAD free to declare increased states of readiness on his own authority in the following circumstances:

(a) for purposes of training of his Command;

(b) in the event of an unacceptable number of unidentified aircraft within the warning system.

In the event of sure indication of enemy activity within the air defence warning system CINCNORAD would seem under his terms of reference to have authority to declare states of alert as well; i.e. aircraft warning yellow, (air attack probable) and aircraft warning red, (air attack imminent).

It strikes me that it should not be too difficult to obtain the kind of agreed interpretation we are seeking from the United States authorities since they have been prepared to agree to it on an *ad hoc* basis recently; and since, as I understand it, they have agreed on the necessity for consultation in other circumstances. I understand that if either the Chiefs of Staff of the United States or the Chiefs of Staff of Canada decide that it would be advisable to recommend to CINCNORAD that he increase the state of readiness of his Command they would consult with one another before orders were issued to General Partridge. A somewhat anomalous situation exists, therefore, in that when the Chiefs of Staff take the initiative there is consultation, but CINCNORAD himself under his terms of reference can take action on his own authority in every instance. It strikes me that the anomaly would be disposed of if we can reach with the United States authorities an agreed interpretation of CINCNORAD's terms of reference as they apply to particular circumstances of increased tension such as those referred to above.

I believe our initial discussions with the United States authorities should be directed primarily to an interpretation of paragraph 10 (i) of CINCNORAD's terms of reference. We should not, I think, attempt at this stage to deal with what may prove to be desirable changes in the intergovernmental exchange of letters on alert measures which is mentioned in the second paragraph of your letter. This exchange has been under negotiation with the United States for several years. It has been our object in these negotiations to provide for consultation between the two Governments, where time permits, before an alert declaration affecting the civilian population is made by either Government. Our desire is to provide for consultation between the two Government on what policy should be jointly pursued in the event of the imminence of war. The establishment of NORAD has heightened the desirability of full consultation between the two Governments in time of tension, but whether or not NORAD had been established, we would have sought to establish agreement on the principle of consultation.

I have given some thought to the best procedure for exploring this particular feature of CINCNORAD's terms of reference with the United States authorities and have come to the conclusion that the Permanent Joint Board on Defence would provide a good forum for at least an initial discussion on the matter. The Board has both military and civilian representation and is designed specifically for this kind of exploratory discussion. The next meeting of the Board is to be held toward the end of October and I believe we should take advantage of that meeting to put our point of view to the United States authorities. I should be grateful if you could let me know if you concur in this suggestion so that arrangements can be made to have the matter put on the Board's agenda, and so that an early indication can be given to the United States authorities of what we wish to discuss with them.

There is another point raised in your letter under reference which I consider merits further consideration. In the second sentence of the fifth paragraph of your letter you use the expression "from his (CINCNORAD's) own intelligence sources." I assume that you are referring here to radar warning indications. We must recognize, however, that CINCNORAD receives a daily flow of strategic intelligence from various other Canadian and United States sources. It seems to me that we shall have to give further thought to the implications of this situation since, presumably, CINCNORAD makes his own day to day assessment of the threat to North America on the basis of the intelligence which he receives from all sources.

CINCNORAD's terms of reference call for him to operate on the basis of agreed Canada-United States intelligence. Arrangements to provide him with such intelligence have not as yet been completed. Although arrangements are now being made to provide him with a long-range intelligence estimate of the threat on which he will be able to base his long-range planning for the defence of North America, so far as I am aware, no consideration has yet been given to providing him with agreed indications intelligence about the threat to North America on a weekly or even (in time of rising tension), a daily basis. In a situation such as occurred in the Middle East in July and is now occurring in the Far East, it would seem to be entirely left to CINCNORAD to read the Canadian estimates of the threat on one hand, and the United States estimates on the other hand and reach his own conclusion as to what is agreed between the two intelligence authorities. I should be grateful if you could let me know if this interpretation of the present state of our intelligence arrangements is correct and, if so, whether you would agree that steps should be taken immediately to co-ordinate the flow of Canadian and United States indications intelligence to NORAD.

In view of the complexity of the subject of alerts procedures there may be some merit in you and Mr. Bryce and I talking the matter over. If you think such a discussion would serve any useful purpose, I should be glad to participate.

Yours sincerely,
JULES LÉGER

---

91. DEA/50309-40

Le président du Comité des chefs d'état-major
au sous-secrétaire d'État aux Affaires extérieures

Chairman, Chiefs of Staff Committee
to Under-Secretary of State for External Affairs

SECRET Ottawa, September 29, 1958

Dear Mr. Léger:

NORAD STATES OF READINESS

I have your letter of 25 September regarding the question I raised in my letter of 2 September in connection with CINCNORAD increased states of combat readiness.

I am in general agreement with the views expressed in your letter regarding the procedure for dealing with increased readiness. However I have some doubts as to whether it would be advisable to put such a delicate matter into the hands of the Permanent Joint Board on Defence. You will recall that this Board was not used for any of the discussions regarding consultation on alerts; nor was it used in regard to the discussions regarding terms of reference for NORAD. I would suggest that a more appropriate method for dealing with this would be at an early meeting of consultation with the U.S. authorities. It appears to me that this problem is quite delicate and involves informal arrangements between General Twining and myself and I would therefore have some concern about putting this matter through the Board, especially when the Board's Journal has a wide distribution.

As I indicated in my previous letter, this matter has given some concern to CINCNORAD, and following are his views on this subject as expressed in a recent letter:

"In the Middle East crisis, as was the case in the Suez crisis earlier, the command experienced difficulty in getting permission to assume a more advanced state of alert, and once on increased readiness found it even more difficult to revert to normal status after the crisis had passed. There seems little likelihood that NORAD's authority to change status to meet any air threat against North America might be challenged. However, international situations of tension introduce factors of political significance not assessable here in Colorado Springs. It is hoped, therefore, that under conditions such as existed during the two Middle East crises and as now obtains in the Far East, the political leaders of our two countries may arrange timely consultations so that NORAD's alert posture may suit the actual military situation.

"Meanwhile and as an interim measure, a procedure is being worked out by which the NORAD establishment as a whole can change status without having political and public relations considerations loom so large as to override the military factors. It appears that the best way to achieve this objective is to change from normal preparedness to increased readiness by issuing to the command detailed instructions which will in each case be tailored to the severity of the threat. Normally this would result in doubling the number of aircraft on five-minute readiness on each typical station, as from two to four, and in increasing the number of NIKE units on 15-minute status. Other minor adjustments will also be directed at the same time, but none of these actions should be apparent to anyone outside the command."

I agree with the suggestion in the last paragraph of your letter that an early meeting with you and Mr. Bryce would be of considerable value. As the international situation is still tense, I would suggest that this meeting be held early this week. I will make myself available any day this week.[137]

Yours sincerely,
CHARLES FOULKES

---

[137] On n'a trouvé aucun compte rendu de cette réunion — si elle a eu lieu.
No record of this meeting — if it was held — can be located.

92. DEA/50210-G-1-40

Compte rendu des discussions Canada-États-Unis sur le partage de la production

Minutes of Canada - United States Discussions on Production Sharing

FOR OFFICIAL USE ONLY Ottawa, October 9, 1958

UNITED STATES DELEGATES

United States Air Force

The Honorable Dudley Sharp — Assistant Secretary (Materiel)
Mr. Max Golden — Deputy Assistant Secretary of the Air Force (Material)
Colonel E.P. Schmid — Executive Assistant to the Honorable Dudley Sharp
Colonel R.B. Uhle — Deputy Assistant for Production Programming DCS/M
Colonel E.J. Davoli — Chief Supporting Systems & Equipment Division, Directorate of Procurement & Production DCS/M
Lt. Col. K.J. Kiel — Supporting Systems & Equipment Division
Lt. Col. H.M. Fletcher — Supporting Systems & Equipment Division
Lt. Col. Lawson P. Wynne — Electronics Systems Division, AC & W Branch, Directorate of Communications Electronics DCS/O
Mr. Robert E. Meidel — Acting Director of Procurement ARDC
Mr. Clyde B. Bothmer — Assistant to Mr. Max Golden
Colonel J.J. Kenney — Chief U.S. Standardization Representative

United States Army

The Honourable F.H. Higgins — Assistant Secretary (Logistics)
Lt. Colonel Wm. E. Campbell, Jr. — Military Assistant to the Honorable F.H. Higgins
Brigadier-General Jean Engler — Director of Procurement for DCS/L
Brigadier-General F.H. Britton — Director of Developments in the Office Chief of Research and Development

United States Navy

The Honorable Fred A. Bantz — Assistant Secretary (Materiel)
Vice-Admiral E.W. Clexton — Office of Naval Materiel

Office of the Secretary of Defence

Mr. H.H. Gallup — Procurement Advisor to Assistant Secretary of Defence (Supply & Logistics)

United States Air Force Central Co-Ordinating Staff — Canada

Major General James C. Jensen — Chief
Colonel J.H. Alston — Deputy Chief

CANADIAN DELEGATES

Mr. D.A. Golden — Deputy Minister, Department of Defence Production
Mr. F.R. Miller — Deputy Minister, Department of National Defence
Mr. W.H. Huck — Asst. Deputy Minister, Department of Defence Production
Mr. D.V. LePan — Asst. Under-Secretary of State for External Affairs
Mr. F.T. Davies — Acting Chief Scientist, Defence Research Board
Air Vice Marshal W.E. Kennedy — Comptroller, Royal Canadian Air Force
Rear Admiral B.R. Spencer — Chief of Naval Technical Services, Royal Canadian Navy
Brigadier F.J. Fleury — Vice Quartermaster General, Army
Mr. J.A. MacDonald — Director, Programme Analysis Division (Defence Works and Contracts), Department of Finance
Mr. G.D. Watson — Director, Weapon Research, Defence Research Board
Mr. D.B. Mundy — Director, Electronics Branch, Department of Defence Production
Mr. D.L. Thompson — Director, Aircraft Branch, Department of Defence Production
Mr. N.R. Chappell — Director, Washington Office, Department of Defence Production
Mr. F.F. Waddell — Secretary, Canadian Commercial Corporation
Mr. L.C. Cragg — Director, Industrial Security Branch, Department of Defence Production
Mr. J.M. Dymond — Director, Gun Branch, Department of Defence Production

Mr. C.L. Muir — Director, Ammunition Branch, Department of Defence Production
Mr. J.C. Rutledge — Director, Shipbuilding Branch, Department of Defence Production
Mr. A.D. Beltea — Asst. Director, Aircraft Branch, Department of Defence Production
Mr. T.C. Jones, Contracts Administrator, Electronics Branch, Department of Defence Production
Colonel B. Lake, U.S. Co-ordinator Procurement, Electronics Branch, Department of Defence Production
Mr. F.A. Milligan — Conference Secretary
Mr. L.W. Law — Conference Arrangements

SUMMARY RECORD

I. OPENING STATEMENT BY MR. D.A. GOLDEN, DEPUTY MINISTER, DEPARTMENT OF DEFENCE PRODUCTION

1. The Conference Chairman, *Mr. D.A. Golden*, Deputy Minister of Defence Production, welcomed the delegates to the conference and expressed the regrets of the Honourable Raymond O'Hurley, Minister of Defence Production, who, because of illness, was unable to be present at the meeting. He said that the size and composition of the United States delegation were welcome evidence of the importance attached to the discussions by their authorities.

2. Mr. Golden congratulated Mr. Max Golden, Deputy for Procurement and Production, USAF, on his new appointment as General Counsel, expressing the hope that it would be possible to continue in the future the very satisfactory relationship that had been built up between Mr. Golden and the Canadian officials.

II. REPLY BY THE HONORABLE DUDLEY SHARP, ASSISTANT SECRETARY, (MATERIEL) U.S. DEPARTMENT OF THE AIR FORCE

3. *The Honorable Dudley Sharp*, Assistant Secretary, (Materiel) U.S. Department of the Air Force, replied on behalf of the U.S. delegates to Mr. Golden's message of welcome. In his remarks, Mr. Sharp emphasized that the meeting was being held, not only with a feeling of goodwill, but also against a background of past accomplishments.

4. Mr. Sharp referred to the high degree of integration of the two Air Defence forces, the progress made in the area of electronics research and development, the fine co-operation afforded by the Canadian Commercial Corporation, the listing of Canadian sources by USAF, and the efforts made to have Canadian firms placed on U.S. source lists for subcontractors in appropriate areas.

5. He stated that while there were many problem areas that would have to be solved, the U.S. delegates were in Canada with the hope of laying a solid foundation for the continuing work that will be necessary.

III. CANADIAN PRESENTATION BY MR. GOLDEN AND MEMBERS OF THE CANADIAN TEAM

6. *Mr. Golden* opened the Canadian presentation by outlining in general terms the problems involved and the Canadian policy approach to the problems. He emphasized that North American defence was a highly integrated operation, using weapon systems which continuously increased in cost and complexity, and that it was now virtually inconceivable that Canada would develop any major weapon systems on an independent basis. He noted that the need for closely integrated effort and the inability of Canada to undertake production on the basis of its relatively limited requirements, were evident most immediately in the air defence field; however, the same situation was likely to be encountered increasingly in the development and production of Naval and Army weapons.

7. Although it was no longer possible for Canada to develop its own weapons systems independently, Mr. Golden emphasized that it was just as impossible to expect that Canada

should rely entirely on United States sources for its major requirements. Canada possessed a respectable industrial base and at least a modest degree of technological competence, and ways must be found to employ its skills and resources in the development and production of defence equipment. He suggested that, from the Canadian viewpoint, the solution appeared to be that the growing integration of defence forces and equipment should be accompanied by a closer and more systematic integration of production. In this way, Canada would look to the U.S. for many of its weapon and component requirements and the U.S. would accept Canadian sources for weapons and components which were within Canada's capabilities.

8. The present situation in Canada was reviewed by Mr. Golden. In this review he made a detailed outline of the decisions of the Government which had been announced by the Prime Minister on September 23. In his statement, the Prime Minister had referred to the expansion which had taken place in the past year in the missile field and announced that in view of these developments the BOMARC missile would be introduced into the Canadian air defence system and the planned future requirements for supersonic interceptor aircraft would be correspondingly reduced. Production of the CF-105 would not now be ordered, but development of the aircraft and the Iroquois engine would be continued to March 31, 1959, at which time the programme would be reviewed. The Prime Minister had also announced the termination of the ASTRA and Sparrow II programmes. During the continuing development of the CF-105, modifications would be made to permit the use of an electronic system and weapon which were already in production for use in U.S. aircraft engaged in North American defence. The Pinetree line was to be strengthened by the addition of heavy radars and gap fillers, and SAGE was to be introduced into the Canadian air defence system. In his remarks, the Prime Minister had observed "it now seems evident that in the larger weapons systems now required for the Air Force, Canadian work in the designing, development, and production of defence equipment will have to be closely integrated with the major programs of the U.S." With reference to BOMARC, the radars and SAGE, he had announced that discussions would be initiated with U.S. authorities to consider the best way for Canadian industry to share in the production of this new equipment.

9. Mr. Golden, in referring to these decisions, advised that there was a widespread desire that the appropriate share of Canada in the new production tasks should be defined as soon as possible, both to take up the slack created by the termination action and to provide tangible evidence that Canada did not intend to abandon the technological effort generated in the eight years since Korea. He emphasized that, in addition to the long term problems of production sharing, there was an immediate problem relating to the new equipment being adopted by Canada.

10. In reviewing those areas where Canada and the U.S. have already used each others production facilities, Mr. Golden underlined the fact that the economic interdependence of Canada and the U.S. in relation to defence has been recognized for some years, both in formal agreements and in working arrangements. The Hyde Park Declaration of April, 1941, and the statement of principles for economic co-operation of October, 1950, provided a completely adequate theoretical basis for the present approach.

11. Canada's purchase of U.S. aircraft and American purchases of the DeHavilland Beaver and Otter were cited by Mr. Golden, as were Canada's reliance on U.S. facilities for complex airborne electronic systems for the CF-100, the development of the initial electronic system for the CF-105 at RCA, Camden, N.J., and the fact that Canada had supplied most of its own requirements for surface radars and communications, as well as providing radars to the USAF for Pinetree and mobile communication equipment to the

U.S. Army. He referred to the purchase of Sidewinders for the Canadian Navy and the probability of similar action for the Lacrosse requirements of the Army.

12. Mr. Golden asked that the principle of reciprocity should continue in the future on a more systematic basis, suggesting certain areas where U.S. requirements might be met by Canadian equipment in being such as the CP-107, the CC-106, and the Caribou Transport. He suggested that opportunities would have to be found for Canadian participation in such programmes of possible future interest to Canada as anti-missile defence, STRATCOM, the atomic submarine, and VTOL aircraft. The Canadian delegation was proposing that anti-missile defence should be considered by a working group.

13. A general outline of the Canadian electronics industry, its capabilities and its role was presented by *Mr. D.B. Mundy*, Director, Electronics Branch, Department of Defence Production.

14. Mr. Mundy reviewed the history of the industry and, in this connection, referred to its role during and after World War II, and at the time of the Korean emergency. He then dealt with some of the typical equipments produced or developed in certain major spheres.

15. In regard to the Pinetree, Mid-Canada, and DEW Lines, he pointed out that the major part of radars and other equipment for the Pinetree line had been manufactured in Canada, while in the case of the Mid-Canada line, which was based on a Canadian concept of unattended doppler detection, the main equipments, including communications and radars, had been both designed and manufactured in Canada. Canadian participation in the development and manufacture of electronic equipment for the DEW line had been very small; however, Mr. Mundy expressed the hope that this would not be the case for improvements, modifications or extensions to the line.

16. In the field of communications, a multi-channel one-mile Walkie Talkie had been developed and produced for the Canadian Army, superseding the U.S. PRC6. The U.S. Army vehicular set, VRC-12 was currently planned for production in Canada.

17. Mr. Mundy stated that one of the industry's biggest projects was an airborne UHF Transceiver (a modified version of the ARC 52) and referred to the Janet technique, Radar, including counter-mortar Radar, Sonar for the Canadian Destroyer Escort Programme, Datar for the Navy, and simulation for the CF-100 and CL-28 aircraft.

18. With respect to missiles, Mr. Mundy reviewed the Velvet Glove development programme and the recently terminated Sparrow II programme which had replaced it. He expressed the hope that the Canadian Westinghouse team which worked on the Sparrow II could be utilized on the BOMARC guidance units being produced by Westinghouse at Baltimore. DeHavilland also had experience in this field.

19. ASTRA, which had been the most difficult electronic programme undertaken in Canada, was described as an excellent example of integrated production, having been largely U.S. in the opening stages, with a gradual transference of activity to Canada.

19A. A table was distributed outlining the major electronic companies affected by the cancellation of Astra & Sparrow, together with a brief description of their skills. (See Appendix A). In response to a question from Mr. Sharp, Mr. Mundy indicated that the number of people involved in the cancellations in the electronic industry was relatively small, in the order of one thousand, but they were of high calibre being mainly engineering talent.

20. Mr. Mundy underlined the importance of component production in Canada, emphasizing in particular the magnetron and klystron facilities. These two facilities had been severely affected by the recent termination actions, and the new Canadian Marconi magnetron plant would be forced to close in December if a significant requirement were not

found. The klystron plant at Canadian Varian was expected to be considered as a possible U.S. source.

21. In conclusion, Mr. Mundy referred to the specialist potential available in certain sophisticated areas and stressed how much a move towards inter-dependence in the areas of end-items, sub-systems, and components would mean to the Canadian electronics industry.

22. A general outline of the Canadian aircraft industry, its capabilities and its role in Continental Defence Preparedness was presented by *Mr. D.L. Thompson*, Director, Aircraft Branch, Department of Defence Production.

23. Mr. Thompson pointed out that although the size of the industry was modest in comparison with that of the U.S., there were 45,000 - 50,000 workers employed, and the annual value of orders had been approximately $450 million.

24. The Canadian industry included three main air frame manufacturers:

DeHavilland, which had specialized in light bush type aircraft such as the Beaver and Otter, and was now developing the Caribou; it also served as prime contractor for Canadian production of the CS2F;

Avro, which had specialized in the development of high-performance aircraft such as the CF-100, Jetliner and CF-105; and Canadair, which, in the past, had manufactured chiefly under license, having built the F-86 and T-33 as modified by Canadian and United Kingdom engines, the CL-28 based on the Britannia, and the CL-44 transport. Its newest venture, the CL-41 primary jet trainer, was, however, an original design, using a single U.S. engine, and had been developed with both U.S. and Canadian requirements in mind.

There were, as well, three engine companies:

Orenda, concentrating on jet engines based on a light weight concept, the Orenda and Iroquois;

Rolls Royce, which had manufactured the Nene and serviced other Rolls Royce engines; and

Canadian Pratt and Whitney, which specialized in piston engines such as the R1820 and R1340, and spares for all Pratt and Whitney piston engines.

25. Mr. Thompson stated that successful work had been carried out in the fields of hydraulics and navigation equipment such as the R-Theta, Position and Homing Indicator, and ANTAC, and that with the exception of heavy press and forging requirements which were obtained from the U.S., the Canadian aircraft industry was virtually self-sufficient.

26. *Mr. Golden* observed that Canadian Pratt and Whitney was the only source for certain U.S. engine requirements as the parent company had gone out of production.

27. *Mr. Thompson* referred to project 606, the Avro vertical take-off and landing aircraft, which was of interest to both countries.

28. The Canadian view on such matters as the exchange of program information, problems of security, license agreements, access to technical information, and arrangements for the transmission of contractor-owned information was presented by *Mr. Golden*.

29. He emphasized the need for recognition at all levels in the U.S. that the procurement function for the three Canadian Services was vested in the Department of Defence Production. Accordingly, DDP must be accorded the necessary security clearances and be recognized as a proper recipient of information at the outset of each project. He also pointed out the need for speedy handling of clearances for Canadian industry, licensing arrangements, and the flow of technical information, as well as the need for reviewing the method of

clearing Canadian subsidiaries and licensees for sharing in development and production programmes with U.S. parents and licensors. A working group to consider these matters had been proposed.

30. To deal with immediate problems, the creation of working groups to deal with BOMARC, SAGE, Heavy Radars, and Gap Fillers was contemplated. He suggested there were a number of areas in which Canada might participate.

31. It would not appear economic for Canada to tool up for the manufacture of BOMARC. However, Canadian industry had made components of types similar to those in the missile.

32. As for SAGE, the size and small number of the large computers which were required in Canada made Canadian production uneconomic; however, in this case too, components of a type made in Canada were required in large numbers. Two Canadian companies had carried out development work and some production of such digital type equipment as the FST 2 data processing equipment required in SAGE, and these facilities could be used for FST 2 requirements. A similar situation existed as regards UHF Radio Transmitters. Cross-overs might be made between U.S. contractors and their Canadian associate companies in the case of the GKA 5 and FRT 47B.

33. In the Heavy Radar field real strides towards integrated production had been made for the FPS 6 Radars and spares. As production in Canada would probably continue beyond that in the U.S. it would seem logical to assign responsibility for future production, or for modifications or improvements to Canada.

34. Mr. Golden reported that a team of engineers from Canadian Arsenals Limited was available to participate in any special modifications required in FPS 26 sets for Canadian installation and also to arrange for production. The advisability of producing Radars FPS-7, 27, 28, 30, and 35 in Canada could be considered in due course.

35. Northern Electric in Canada was in a favourable position to manufacture the 45 Gap Fillers required in Canada by USAF and the RCAF, as the firm had already produced civilian ASR 3 Radar for the Mid-Canada Line.

36. Mr. Golden suggested that the working group should consider:

(a) whether prime sources for combined United States and Canadian requirements might be established in Canada for certain components which lie within Canadian capabilities;

(b) whether any second sources contemplated by the United States for equipments which are to be installed in Canada, should be established within Canadian industry;

(c) total requirements, for all weapons systems, of any component parts which may, in one system or another, be installed in Canada, irrespective of who finances such equipments;

(d) the possibility of development or engineering work being done in Canada where this phase has not been completed or where modification is required.

37. In conclusion, Mr. Golden emphasized that in respect of the long term problem, production sharing should be planned in advance of production, but that, for the BOMARC, SAGE, and the Heavy Radar and Gap Filler programmes, urgent attention would have to be given to working out ways and means for the greatest possible industrial participation by Canada at either the component or weapon level, despite the fact that these programmes were already well under way in the United States.

IV. UNITED STATES PRESENTATION BY MR. SHARP AND MEMBERS OF THE U.S. TEAM

38. *The Honourable Dudley Sharp*, Assistant Secretary (Materiel), U.S. Department of the Air Force, expressed general agreement with the Canadian presentation and confidence that the two countries could move on a sound basis toward a better production integration of Canadian and U.S. defence weapons.

39. He believed that progress, as rapid as possible, should be made to use to best advantage talents available in both countries, and that shared production should be a two-way street. He said that contracts for overall weapon systems should be placed with contractors with the best technical know-how and competence, the most advanced thinking and the best ideas and capability to produce, whether such firms be located in Canada or the United States. He felt that successful action could be taken to remove recognized procedural roadblocks.

40. In U.S. technical evaluation of a proposal, he hoped that arrangements could be made for Canadian facilities to participate competitively at the evaluation stage.

41. Mr. Sharp mentioned the airborne early warning system as an instance where there seemed to be quite good prospects for Canadian participation. Development in the United States still had far to go, and Canada might have something to contribute in the development stage. As future programmes came along, every opportunity would be given for Canadian firms to participate.

42. He said the U.S. recognized that the best place to start on a programme of production integration was at the beginning of the development cycle, and that a good start had been made in this direction in the six basic areas of research and development where complete programme and technical information was being exchanged through designated coordinators. He recognized that this was a long range programme and that it would take time for Canadian firms to work successful R & D contracts into production orders.

43. He suggested that one of the first items for any working group to explore would be programming information. An exchange of such information should be worked out to permit advance planning for the kind of integrated production being considered. He added a word of caution, noting that programme documents vary considerably in stability and reliability, containing elements of guess and sometimes hope. Use made of these documents must recognize their fluid state.

44. Mr. Sharp agreed that it was necessary to speedily separate the practicable and impracticable areas of production sharing and that working groups provided the best means of getting after the hard facts which might easily be glossed over in a general discussion.

45. Mr. Sharp said USAF proposed giving contracting officers and prime contractors the necessary authority and direction to investigate Canadian production potentials and to make awards to Canadian firms wherever practical, i.e. where the schedule could be met, where technical competence had been established, and where cost considerations permitted.

46. *Col. J.E. Davoli*, USAF Procurement and Production, then reviewed four major programmes in the air defence field, emphasizing possible areas for Canadian participation. These programmes were BOMARC; SAGE; heavy radars; and gap fillers. Col. Davoli presented charts which detailed the areas in which there might be opportunities for a substantial degree of Canadian participation in production.

47. In answer to a question Col. Davoli agreed that sub-assemblies should be considered as components. He said that the quantities shown on the attached charts represented the Canadian programme only — but it was not intended to limit Canadian participation to these numbers.

48. *Mr. Mundy* inquired about participation by Canadian Westinghouse in sub-contracts which he understood were ready to be placed by Westinghouse, Baltimore, for Bomarc "B". He suggested that transmitter-receiver production might be undertaken in Canada for all U.S. and Canadian requirements.

49. *The Honorable F.H. Higgins*, Assistant Secretary (Logistics), U.S. Department of the Army, said it was recognized that today's discussions were of concern primarily to the Air Force, and that the U.S. Army representatives were on hand chiefly to gain familiarity with the cooperative arrangements which had been or might be worked out relative to air defence programmes. It was helpful to see the approach being taken and a like presentation could be made for other weapons, the new tank under development by the U.S. Army being a possible example. A single expenditure for research and development of value to both countries was the type of thing that could pay dividends.

50. *The Honorable Fred A. Bantz*, Assistant Secretary (Materiel), U.S. Department of the Navy, said that the Washington Office of the Canadian Department of Defence Production (Mr. N.R. Chappell) was very familiar with the USN procurement organization and methods. He said his procurement people would be glad to sit down and discuss production sharing with Canadian officials, noting that even 1% of the USN's annual procurement of 5-1/2 to 6 billion dollars would represent a sizeable piece of production. There were possibilities, he felt, for Canadian participation in certain research and development as well as production contracts.

V. GENERAL DISCUSSION

51. Vice-Admiral E.W. Clexton, Office of Naval Materiel, USN, noted that Canadian contractors already have had opportunities to fill USN requirements. He suggested, however, that more systematic production integration would require the creation of regular channels and procedures. Referring to Mr. D.A. Golden's comments concerning security, he observed that the USN did not normally make a security check of firms with which they were not doing business and this would create a problem since the USN were hard pressed to carry out security checks already considered essential. He recognized that delays in security clearance of Canadian firms would be contrary to the concept of this conference.

52. Admiral Clexton felt that before any working groups were set up to consider production sharing in relation to USN programmes, Mr. N.R. Chappell and appropriate USN officials should consider what is needed. *Mr. Higgins* noted that the U.S. Army would want to hold similar discussions. *Mr. D.A. Golden* agreed that such preliminary talks with Mr. Chappell would be useful.

53. *Brigadier-General F.H. Britton*, Research and Development, U.S. Army, said that there was no problem concerning the exchange of Army information with Canada because good Service liaison already was enjoyed. There were still some cases of parallel developments in the two countries but, because of the procedure now operating, the Army would want to consider carefully the idea of new "working groups" to ensure that existing standardization channels and procedures were not being duplicated.

54. *Brigadier-General Jean Engler*, Deputy Chief of Staff (Procurement) U.S. Army, also stressed the current close cooperation with Canada on research and development, and in other areas, and said the U.S. Army invited Canada "to tell us what you can do." He emphasized that the initial contractor had much responsibility and noted that the general U.S. Army policy was to reduce double contracting; second sourcing was not always practical. He referred also to the production base problem faced by the U.S. Army with only about 25% of facilities in production and 75% in a lay-away state. In the field of conven-

tional items, production was falling off rather than building up. The trend was towards a reduction in GFE, making the prime contractor more responsible for procurement.

55. Both the U.S. Navy and the U.S. Army wanted to do some spade work before committing these Services to the "working group" approach to production sharing.

56. *Mr. W.H. Huck*, Assistant Deputy Minister, Canadian Department of Defence Production, inquired as to the possibility of a procurement directive being issued quickly to a selected list of U.S. contractors, informing such contractors of the availability of specialized Canadian skills and facilities developed for the ASTRA and Sparrow II programmes (Appendix A) — which Canada was trying to hold together for at least a five-month period. *Mr. Sharp* replied that he could not make such a definite promise, at this time, but emphasized the desire of the U.S. to take speedy action. In particular, he felt that action should be taken quickly to identify and overcome the procedural roadblocks which made it difficult for Canadian contractors to participate in U.S. programmes. *Mr. Huck* urged that U.S. contractors be advised, as soon as possible, that the utilization of Canadian skills and facilities would not be looked upon with disfavour.

57. It was agreed that a small working group, made up of representatives from both countries and all Services, should begin immediately to identify areas where urgent action is required. Specific working groups, when set up, should consult this group on all procedural questions. It was also agreed that this group would require high-level guidance and supervision.

58. *Mr. F.R. Miller*, Deputy Minister, Canadian Department of National Defence, emphasized that Canada was not a great world power and must be part of a larger defence team. In the interests of continental defence, the highest possible degree of standardization of defence materiel should be the goal, and greater integration of development and production programmes would require that standardization be even more effective than in the past. The Services must be prepared to give up some of their own preferences in the interests of integrated defence and common weapons systems. Mr. Miller referred to comparisons so often made between the military strengths of United States and Russia, United Kingdom and Russia and so on; he said that the only sensible comparison was one of the combined West against the potential enemy and warned that the free world must attack and solve the problems of coordinated production.

59. *Mr. D.V. LePan*, Assistant Under-Secretary of State for Canadian Department of External Affairs, and *Mr. J.A. MacDonald*, Canadian Department of Finance, indicated support for the Canadian representation. Mr. MacDonald emphasized the desirability of participation in a limited number of longer production runs rather than scattering the shot all over the target.

60. *Vice-Admiral Clexton* agreed that reasonably long production runs are necessary if coordination is to be practical. He felt that smaller industries should be encouraged to get into research and development activities.

VI. SETTING UP OF WORKING GROUPS

61. In introducing this item, *Mr. D.A. Golden* re-emphasized that the agenda wording did not represent a prejudgment of what the meeting might decide but stemmed from preliminary discussions in Washington where it was indicated that the establishment of working groups would be valuable. Mr. Golden drew attention to the terms of reference indicated for the first working group listed in the Agenda: "to recommend procedures for exchange of information, allocation of production tasks, guide lines for proposal, and/or tender evaluation, and generally to identify areas requiring policy determination." He stated that Canada was not wedded to this wording and urged that the group should be free to inter-

pret its task broadly. It was agreed that this should serve as a master group, to chart the course for production coordination, identify any existing obstacles and watch for the emergence of any new ones, solve what problems they could, and highlight others which needed resolution at a higher level.

62. It was announced that, for Canada, Mr. Huck would monitor the establishment of all working groups, and that Colonel R.B. Uhle would act in a similar capacity for the United States.

63. *Colonel Uhle* joined in the emphasis that the meeting placed on the urgency of immediate action so that direction may get down to U.S. prime contractors as quickly as possible, and said that he had already formed some ideas about procedures and priorities. *Mr. D.A. Golden* noted that guide lines to Canadian contractors also are an urgent requirement.

64. It was agreed that the master working group should give overall guidance to proposed special working groups dealing with the systematic integration of major production programmes. It was agreed that Mr. Huck, Col. Uhle and others as appropriate, should meet immediately for preliminary discussions on the composition and work of the group, and that its terms of reference as set out in the Agenda were acceptable but that this represented a suggested area rather than a limiting area of activity.

65. Recognizing that obviously a "joint programme" exists concerning the production of BOMARC missiles, quick agreement was given to the setting up of a special working group to further integrated production efforts. Noting that both countries were faced with strict operational demands and that there was a very real urgency, approval was also given to the establishment of similar working groups for SAGE, Heavy Radars and Gap Fillers.

66. *Mr. Bantz* questioned whether the working groups on specific programmes could do any useful work until the general group had drawn up some procedural guidelines. *Mr. D.A. Golden* felt that the project groups should start work immediately, studying the production tasks involved. *Mr. Max Golden* agreed.

67. In introducing the suggestion of a special working group to consider integration of anti-missile defence requirements, *Mr. D.A. Golden* said that Canada had nothing specific to recommend but wanted to register keen Canadian interest in future developments, beyond the manned aircraft and air-breathing missile stage, with a view to joint U.S.-Canada consideration of research and development contracts as well as later production contracts, *Mr. Higgins* said that his delegation was not prepared to discuss this item but, recognizing its importance, recommended that it be put on the agenda of a later meeting. *Mr. Miller* emphasized the fact that here was a major project in which because it was not too far advanced, a fully integrated joint effort was possible. It was agreed that this project represented a major future exercise which could test fully the whole concept of cooperative defence production since a start could be made almost at the beginning.

68. If additional working committees were indicated for other specific areas, it was agreed that these could be established without a general meeting. The U.S. Assistant Secretaries of the three Services indicated readiness to consider additional working groups at any time.

69. It was agreed that another general meeting should be held as soon as possible to hear progress reports from working groups. Mid-November was recommended as a tentative period for a second meeting.

VII. DISCUSSION OF INFORMATION FOR THE PRESS

70. It was agreed that no press release would be issued. Although minimum publicity was desirable, it was recognized that the Canadian press particularly were likely to be insistent on some comments. The consensus was that, if questioned, comment should be that a useful meeting had been held and that the meeting was only the first of a continuing series, in efforts to work out equitable arrangements for joint defence production in the two countries, in keeping with the joint North American defence concept. Comment could recognize that the cost-sharing concept also is involved.

Appendice A

Appendix A

FOR OFFICIAL USE ONLY

MAJOR ELECTRONIC FACILITIES IN CANADA AFFECTED BY CANCELLATION OF ASTRA - SPARROW

COMPANY	**SKILLS**
RCA Victor	Systems Engineering and Communication Navigation and Identification development.
Canadian Westinghouse	Missile electronics including guidance and fuze.
Computing Devices of Canada	Computer Systems. Data Handling and Navigation Aids. Missile Support Systems Missile Antennae.
Honeywell Controls	Components of Automatic Flight Control Systems.
Canadian Marconi	Microwave tube development and production
Varian Associates	Missile Klystrons
deHavilland	I.R. techniques
Sperry	Autopilot

[PIÈCE JOINTE/ENCLOSURE]

SUPPLEMENT TO SUMMARY RECORD

The attached charts are based on those presented in the course of the October 9th Conference by Col. E.J. Davoli, to which reference is made in paragraph 46 of the Summary Record.

BOMARC

POSSIBLE AREAS FOR CANADIAN PARTICIPATION

BOMARC — IM-99 — QUANTITY — 120 MISSILES — 2 BASES

POSSIBLE PARTICIPATION:

(a) Entire Weapon System: — Not Feasible

(b) Missile Components: — Feasible for such items as:

- Radomes
- Data Link
- Target Seeker
- Guidance and Control System
- Airframe Components.

(c) Weapon Support Equipment: — Feasible for such items as:

- Missile Erector and Skid
- Operational Test Equipment
- Mobile Inspection Equipment
- Vans, Refueling Units, Transporters, Etc.

(d) Installation, Calibration and Check-out of Weapon Support Equipment

SAGE

EQUIPMENT	QUANTITY	POSSIBLE AREAS FOR CANADIAN PARTICIPATION				
		COMPLETE ITEM	MAJ. COMPONENTS	SUB COMPONENTS	CONSTRUCTION	INSTALLATION
COMPUTER	1		UNECONOMICAL EXCEPT FOR DISPLAY CONSOLES	YES, FOR SUCH ITEMS AS PRINTED CIRCUITS, PLUG-IN UNITS, FRAMES, CABLE RACKS	CANADIAN FUNDING	NOT FEASIBLE
FSQ-7	1	UNECONOMICAL				
FSQ-8	1	UNECONOMICAL				
COORD DATA TRANS FST-2	28	NOT RECOMMENDED		YES, PLUGGABLE UNITS, PRINTED CIRCUITS, ETC.	YES, U.S. FINANCED SITES	YES, SUBCONTRACT FR BURROUGHS
COORD DATA MONITOR OA-1163/FST	58	YES			NO CONSTRUCTION REQUIRED	YES
RANGE HT. DATA CONVERTER	112	YES				YES
DELAY LINE SETS AM-1796/FPS	28	YES				YES
VARIOUS COMM. EQUIPMENTS		YES		YES	YES	YES

HEAVY RADARS

EQUIPMENT	QUANTITY	POSSIBLE AREAS FOR CANADIAN PARTICIPATION				
		COMPLETE ITEM	COMPONENTS	CONSTRUCTION	INSTALLATION	OTHER
HT. FINDERS						SOME SPARES
FPS-6	5	YES	YES	YES	YES	SOME MODS
FPS-26	5	NO-SMALL QUANTITIES	YES	YES	NOT FEASIBLE	RAID ASSESSMENT RADAR
SEARCH RADARS						
FPS-7	2	NO-SMALL QUANTITIES	YES-AS SUB TO U.S. SOURCE	YES	NOT FEASIBLE	
FPS-27	2					
FPS-28	1					
FPS-20	–		YES — BUT NO FUTURE USAF REQUIREMENTS CONTEMPLATED			

GAP FILLERS

EQUIPMENT	QUANTITY	POSSIBLE AREAS FOR CANADIAN PARTICIPATION			
		COMPLETE ITEM	SUB COMPONENTS	CONSTRUCTION	INSTALLATION
RADAR SET FPS-18	45	YES	YES	YES	YES
CO-ORD DATA TRANS FST-1	45	YES	YES	YES	YES
VIDICON COMBINER FSA-10	15	YES	YES	YES	YES
DATACONVERTER OA-947	45	YES	YES	YES	YES
EQUIP PERF MONITOR FSW-1	45	YES	YES	YES	YES
TOWERS	45	YES	YES	YES	YES

---

93. DEA/50309-40

L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

Ambassador in United States to Secretary of State for External Affairs

TELEGRAM 2501 Washington, October 14, 1958

TOP SECRET. PRIORITY.

NORAD — USE OF NUCLEAR WEAPONS

We met today with Dale, Acting Director of BNA Office of State Department, and Jim Parker concerning the Raymond story with respect to NORAD.[138] Dale confirmed that after exhaustive inquiries, and as he had indicated earlier, Raymond had substantially misquoted General Partridge. In particular he stated emphatically that the substance of the position was that no repeat no advance authorization had been given by the President to CINCNORAD governing the use of nuclear weapons. We understand that the statement prepared for Mr. Quarles was not repeat not in the event used since there were no repeat no questions on this point, but you may have noticed that in the general reports of Quarles' press conference, he made reference to the need for caution in public statements made by USA commanders in the Far East (and elsewhere).

---

[138] Voir/See *New York Times*, October 7, 1958, p. 11.

2. Dale was aware of the discussions which have been proceeding primarily between the military authorities of the two countries relating to the possible acquisition and storage of nuclear weapons in Canada, and of the fact that this general subject has been under study in Ottawa for some time (see our telegram 2630 December 12/57)[139] He said that he believed that our consideration of the problems involved with respect to custody, authorization as to use, safety considerations and the like, would be furthered by reference to the practical arrangements which the USA has worked out bilaterally with the UK government over a period of years and most recently in connection with the IRBM agreement.[140] He said, for example, that the custodial arrangements in being in the UK were based upon the formula made necessary by existing USA legislation and reflected in the NATO discussions of last December with reference to the requirement for USA custody of the warheads. So far as authorization of use is concerned, however, arrangements have been made covering the authorization of the use by USAF aircraft operated from UK bases of atomic weapons on the joint responsibility of the President and the Prime Minister. A similar system of joint responsibility was operative in connection with UK aircraft armed with USA nuclear weapons. Dale believed that such arrangements which had been developed empirically over a period of years would be relevant to any Canadian consideration of similar or related problems. Dale further indicated that they would be ready to organize a meeting with us to provide further information on these existing bilateral USA-UK arrangements.

3. In our own view, there is a good deal to be said for taking up through the State Department the specific kinds of questions which are raised for example in the Department's letter of October 7 to General Foulkes which arrived before our meeting today with Dale. e.g. matters related to custody, use, and controls on quantities that may be stored. On the basis of the problems posed in this letter, we suggest that it would be useful to prepare specific questions which we could then put to the meeting here which Dale volunteered to arrange. We think it would be preferable to proceed by specific questions rather than to seek general information about UK-USA arrangements, some of which may not repeat not be directly related to our own problems. Any discussions of this kind should, of course, proceed in parallel with inquiries which we understand are being made at the Pentagon through the joint staff here. If you agree with the foregoing, we shall be glad to receive an indication of the questions which you might like us to explore through State Department channels.

4. Would it be possible for us to have copy of draft memorandum to Cabinet Defence Committee referred to in paragraph 1 your letter October 7.[141]

---

[139] Voir/See Document 26.

[140] Voir/See United States, Department of State, *Bulletin*, Volume XXXVIII, No. 977, March 17, 1958, pp. 418-419.

[141] Voir la pièce jointe au document 94.
See attachment to Document 94.

94. DEA/50210-F-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

TOP SECRET [Ottawa], October 15, 1958

ACQUISITION AND STORAGE OF DEFENSIVE NUCLEAR WEAPONS AND WARHEADS

I attach a memorandum on this subject prepared by the Department of National Defence which may be submitted to Cabinet for consideration today.

The Government's recent decision to acquire BOMARC[142] and LACROSSE[143] missiles for Canadian forces foreshadows a decision to equip Canadian forces with nuclear weapons. The Department of National Defence is seeking authority in the attached submission to open negotiations with the United States authorities (a) to acquire nuclear warheads for these missiles and (b) to make suitable arrangements for the storage of MB-1 nuclear air-to-air rockets in Canada.

This Department has consistently taken the view that when the time came for Canada to acquire nuclear weapons, every effort should be made to achieve for the Canadian Government the maximum degree of political control possible over the warheads and the means of delivery. We have taken this view primarily for two reasons:

(a) the Canadian Government should be in as strong a position as possible to bring its influence to bear on any decision to use nuclear weapons and perhaps to deter the United States from any rash or hasty decision in this respect.

(b) because of the special significance which public opinion, rightly or wrongly, attaches to nuclear weapons, the political acceptability of a Canadian decision to acquire and use nuclear weapons is likely to be influenced by the degree of control exercised over those weapons by the Canadian Government.

The Department of National Defence takes the view that CINCNORAD should be given the advance authority of the Canadian Government to order the use of nuclear weapons in Canadian airspace in the event of the declaration of Air Defence Warning "Yellow" (air attack probable) or Air Defence Warning "Red" (air attack imminent). If an attack on North America has begun or is immediately apprehended, there should be no delay posed by the necessity to get clearance from political authorities on what kind of weapons should be used.

We have no ready alternative to offer to the formula proposed by the Department of National Defence. In the circumstances therefore, we would recommend that the Government take no irrevocable decision now on the control question, but that, together with technical negotiations dealt with in the attachment, the Cabinet authorize this Department specifically:

---

[142] Voir/See Document 88.

[143] Le Cabinet a approuvé l'achat d'une batterie de missiles sol-sol Lacrosse le 1er octobre 1958.
Cabinet approved the purchase of one Lacrosse battery of surface to surface missiles on October 1, 1958.

(a) to discuss with United States political authorities at a suitably high level possible alternative control schemes which would be both feasible and satisfactory to the two Governments.

(b) bearing in mind that there is as yet no "NATO pattern" for the acquisition of nuclear weapons by our European partners, to investigate in NATO capitals what progress SACEUR has been making in his negotiations with national governments on the basis of the United States offer described in paragraph four of the attachment.

It would seem to us to be of paramount importance that before final decisions are taken on this control question, Ministers should know more about the outcome of SACEUR's negotiations with the European members of NATO and about the limits to which the United States Government might be prepared to go to meet Canadian desires.

D.V. LEPAN
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

TOP SECRET [Ottawa], October 8, 1958

ACQUISITION AND STORAGE OF DEFENSIVE NUCLEAR WEAPONS AND WARHEADS IN CANADA

1. Recent decisions of the Government regarding the introduction of the BOMARC air defence missile into the air defence system in Canada and the inclusion of the LACROSSE ground-to-ground missile in the Canadian Army have raised the question of the provision of nuclear warheads for these missiles. Investigations are also being carried out to ascertain whether the United States MB1 nuclear air-to-air rocket can be fitted to Canadian interceptor aircraft to enhance the air defence of Canada. The Commander-in-Chief NORAD has indicated that consideration is being given to arming the United States air defence squadron in Goose Bay with an MB1 nuclear rocket, which will involve stockpiling nuclear air defence weapons for United States use in Goose Bay.

2. Because of these circumstances mentioned above, it is considered advisable to review the problem of the provision and storage of defensive nuclear warheads and air defence nuclear rockets in Canada for use by both Canadian and United States forces. Following are the anticipated requirements of defensive nuclear weapons for this purpose:

(a) nuclear warheads for BOMARC missiles stationed in Canada;

(b) nuclear warheads for the LACROSSE weapons stationed in Europe;

(c) storage of MB1 nuclear air-to-air rockets for United States use at Goose Bay;

(d) probable storage of MB1 air-to-air rockets for use of the RCAF; and

(e) the probable storage of nuclear anti-submarine weapons for Canadian and United States use from Canadian bases.

3. Under the existing United States law, nuclear weapons cannot be released by the United States in peacetime to any other nation without Congressional approval. Therefore arrangements would be required to be negotiated with the United States authorities

whereby nuclear weapons or warheads would remain in their custody until released by the President when a state of war exists or is anticipated.

4. It will be recalled that arrangements are now being made for nuclear weapons and warheads to be stockpiled in Europe for use of the NATO partners in the custody of the Supreme Allied Commander Europe in his capacity as the Commander-in-Chief of the US forces. Storage facilities are to be constructed in close proximity to the forces requiring such nuclear weapons but these weapons are to remain under United States custody until released by presidential order. Therefore arrangements would have to be made with the US authorities for the provision of warheads for the LACROSSE weapons to be allocated to the Canadian Brigade in Europe and with the Supreme Allied Commander Europe, in his capacity as Commander-in-Chief of the US forces in Europe, for the custody and storage of these weapons.

5. Insofar as the requirements for the defence of North America are concerned, it is anticipated that similar arrangements could be made for the provision and storage of the nuclear warheads and weapons in Canada for Canadian and United States use by arranging with the US authorities for the provision of these weapons, to be placed in the custody of the Commander-in-Chief NORAD in his capacity as the Commander-in-Chief CONAD insofar as air defence weapons are concerned, and in the custody of the appropriate United States commander on the East and West coasts in respect to nuclear anti-submarine weapons.

6. While this method may appear to be cumbersome, there are some distinct advantages in Canada following the NATO pattern and not requesting special arrangements for the defence of North America. As the United States will have custody of these weapons, the ownership will remain with the United States. Therefore the cost of these weapons would be expected to be borne by the United States. The Canadian responsibility would be restricted to the cost of constructing storage facilities on bases for solely Canadian use and sharing the cost of similar facilities on bases where there would be joint use by Canada and the United States.

7. Insofar as Canadian law is concerned, suitable arrangements can be made for the importation, movement and storage of such weapons in Canada by amendments to existing regulations under the Atomic Energy Control Act, the Explosives Act and the Customs Act.

8. The control of the use of air-to-air nuclear missiles in Canadian airspace by the USAF has been established by an exchange of notes with the United States. Relevant extracts of these notes are shown in Appendix "A".† This exchange of notes limits the use of air defence nuclear weapons to actual conditions of an attack or an apprehended attack on North America. It is suggested that if and when authority is given for Canadian squadrons to be armed with such weapons, similar limitations will apply. It is further suggested that as and when BOMARC missiles are equipped with nuclear warheads, similar arrangements for the control of the use of such warheads will be worked out with the United States and applicable to both United States and Canadian missiles operating in Canadian airspace.

9. It is recommended that agreement in principle be given to investigate with the United States authorities, the Supreme Allied Commander Europe and the Commander-in-Chief NORAD the possibilities of negotiating agreements to provide for:

(a) nuclear warheads for BOMARC missiles stationed in Canada;

(b) nuclear warheads for the LACROSSE weapons stationed in Europe;

(c) storage of MB1 nuclear air-to-air rockets for United States use at Goose Bay;

(d) probable storage of MB1 air-to-air rockets for use of the RCAF in Canada; and

(e) probable storage of nuclear anti-submarine weapons for Canadian and United States use from Canadian bases.

10. If and when such agreements are negotiated, approval of the agreements will be sought.

[G. PEARKES]

---

95. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 15, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Fisheries
  and Acting Minister of Agriculture (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio
  and Acting Minister of Trade and Commerce (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

DEFENSIVE NUCLEAR WEAPONS AND WARHEADS; ACQUISITION AND STORAGE IN CANADA

32. *The Minister of National Defence* said that the recent decision to have the Canadian forces use the Bomarc and Lacrosse missiles had raised the question of securing nuclear warheads for these missiles. Investigations were also being conducted to ascertain whether the United States MBI nuclear air-to-air rocket could be fitted to Canadian interceptor aircraft. Consideration was being given, as well, to arming the U.S. air defence squadron at Goose Bay with MBI nuclear missiles. This would involve stockpiling of nuclear air defence weapons for U.S. use in Canada. In addition to these probable requirements, there was a likely need to store and use nuclear anti-submarine weapons for Canadian and U.S. forces operating from Canada.

Under U.S. law, nuclear weapons could not be provided by the U.S. in peacetime to any other nation without congressional approval. If, therefore, nuclear warheads were to be obtained as he had described, negotiations were required with U.S. authorities to make arrangements whereby such weapons would remain in U.S. custody and be available for release on orders of the President when war broke out, or was clearly anticipated. Arrangements were now being made for stockpiling such nuclear weapons in Europe for the use of

N.A.T.O. countries. They would be in the custody of the Supreme Allied Commander, Europe, in his capacity as Commander-in-Chief of the U.S. forces. Similar arrangements would presumably be made for warheads for the Lacrosse weapons to be used by the Canadian Brigade in Europe. As far as the defence of North America was concerned arrangements similar to those in Europe could probably be made for the nuclear warheads to be placed in the custody of the Commander-in-Chief, NORAD, in the case of air defence, and of the appropriate U.S. commanders on both coasts for anti-submarine weapons. Although this procedure might appear to be cumbersome, there were advantages in not requesting special arrangements for the defence of North America. Ownership of the weapons would remain with the U.S. and hence the cost could be expected to be borne by the U.S., at least until the time came to use the warheads. The Canadian expense would be restricted to the cost of constructing storage facilities for sole Canadian use or on bases for joint use by Canada and the U.S.

The U.S.A.F. had already been authorized for a limited period, to use air-to-air missiles in Canadian airspace under actual conditions of attack or apprehended attack on North America. Similar limitations would presumably apply if Canadian squadrons were armed with similar weapons and when Bomarc missiles were equipped with nuclear warheads.

33. *The Minister* recommended that agreement in principle be given to investigate with the U.S. authorities, SACEUR, and Commander-in-Chief NORAD, the possibilities of negotiating agreements for the disposition of nuclear warheads as he had outlined. If agreements were ultimately negotiated, they would be submitted to Cabinet for final approval.

An explanatory memorandum was circulated, (Minister's memorandum, Oct. 8, 1958 — Cab. Doc. 287-58)

34. *During the discussion* the following points emerged:

(a) It was highly desirable to ensure that during the negotiations proposed no information should reach the press.

(b) These discussions would be difficult and complicated. It was necessary to equip Canadian forces with the most effective weapons. On the other hand, they were produced only in the U.S. and presumably Canada did not wish to enter into this type of development. The U.S. law did not allow non U.S. nationals to have custody of them. On the Canadian side, it was desirable to impose conditions to preserve Canadian sovereignty so far as possible and to ensure the proper use of these weapons.

(c) It would be highly distasteful to have these weapons stockpiled in Canada to be released only with the permission of the U.S. Such restrictions were understandable for offensive weapons but these were for the joint defence of North America only and, at the outset, action would likely occur over Canada. In the proposed negotiations it should be said that they would be used in and over Canada only with the agreement of Canadian authorities.

(d) The rigid U.S. attitude with respect to nuclear weapons was understandable when one thought of what some countries outside the "Iron Curtain" might have done in the last few years if they had had such weapons available to them.

(e) A disturbing development in this general context was General de Gaulle's recent suggestion that France, the United States, and the United Kingdom should control N.A.T.O.[144] Germany was extremely annoyed and other N.A.T.O. members were upset.

---

[144] Voir volume 24, chapitre II, 8^e partie./See Volume 24, Chapter II, Part 8.

(f) The R.C.A.F. was discussing with the U.S.A.F. taking over the control stations on the D.E.W. Line. The men could be made available and the cost was small. This had nothing to do with the civilian operation of the line. Such an arrangement would be desirable and it would be particularly helpful if it could be made before the next session of Parliament.

(g) The alternative to not coming to some agreement with the U.S. regarding nuclear weapons was that Canadian forces would not be equipped with the best weapons available.

35. *The Cabinet* noted the report of the Minister of National Defence on proposed negotiations with the United States for the acquisition and storage of defensive nuclear weapons and warheads in Canada, and agreed that such negotiations be initiated by senior officers, on the understanding,

(a) that a minimum of other persons be informed of them;

(b) that as much freedom as possible be obtained for Canadian use of these weapons; and,

(c) that every effort be made to ensure that the Canadian government or its designated representatives would also have to authorize the use of these weapons in or over Canada by U.S. as well as by Canadian forces.

. . .

---

96. DEA/50219-D-40

Le sous-secrétaire d'État aux Affaires extérieures
au président du Comité des chefs d'état-major

Under-Secretary of State for External Affairs
to Chairman, Chiefs of Staff Committee

TOP SECRET Ottawa, October 20, 1958

ACQUISITION OF NUCLEAR WEAPONS

I attach for your information copies of telegram 2501 of October 14 from our Embassy in Washington which deals in part with CINCNORAD's position with respect to the use of nuclear weapons. It would seem that CINCNORAD has not received advance authorization from the President to use nuclear weapons.

2. The telegram deals as well with the general question of arrangements under which Canada might acquire nuclear weapons. We find it particularly interesting that United States officials should suggest that the United States-United Kingdom arrangements, under which the President and the Prime Minister share responsibility for the use of nuclear weapons in certain circumstances, would be relevant to any Canada-United States arrangements.

3. I believe that we should accept the United States offer set out in the attachment. I think it would be appropriate, therefore, to arrange for an early Meeting of Consultation at which the problems connected with the acquisition, storage and control of nuclear weapons might be the primary subject for discussion. There are other reasons as well why an early Meeting of Consultation should be arranged.

4. I understand that at a recent meeting which Mr. Léger had with you it was agreed that CINCNORAD's responsibilities with respect to the declaration of increased status of military readiness should be discussed at a Meeting of Consultation. When the possibility of a meeting of the Ministerial Committee on Defence was discussed with Mr. Dulles (Washington telegram 2475, October 9),† he assumed that preparatory work for the Committee's meeting would be undertaken at a Meeting of Consultation.

5. I understand that the Cabinet, as a result of its consideration on October 15 of your Minister's submission on the acquisition of nuclear weapons, authorized us to explore, with the United States Government, the terms under which Canada would be able to acquire the necessary defensive nuclear weapons. A Meeting of Consultation would be an ideal first step in carrying out the Cabinet's desires.

6. It may be desirable to limit the agenda of the next Meeting of Consultation. At earlier meetings it has been customary to include as a formal agenda item a review of United States objectives in the world's major diplomatic situations. Perhaps, for the next Meeting of Consultation, we could dispense with this general topic and concentrate primarily on the specific topics of immediate relevance to the December meeting of Ministers. I believe we should, however, include an item on the Far Eastern situation. In the circumstances, the agenda might look something like the following:

(a) problems connected with the acquisition and control of defensive nuclear weapons in Canada;

(b) problems connected with the declaration by CINCNORAD of increased states of military readiness;

(c) other matters to be considered by the Canada-United States Committee on Joint Defence;

(d) the Far Eastern Situation.

7. I assume it would not be necessary under (c) above to deal at length with the substance of the other items which have been proposed for the Ministerial Meeting, i.e. the integration of Canada-United States defence production and cost sharing arrangements to cover the immediate programmes in the air defence field. The first Canada-United States meeting on integrated defence production has already taken place and a further one is scheduled for the middle of November. I understand that cost sharing arrangements are under discussion now between the Department of National Defence and the United States Defence Department. It would seem to involve unnecessary duplication of effort to discuss these items at length at the Meeting of Consultation.

8. I should be grateful if you could let me have your comments on the suggestions outlined above in order that an early approach might be made to the State Department to arrange for a Meeting of Consultation. I suggest that the meeting should be scheduled for about the middle of November, so that we will be given an opportunity to consider what effect our discussions with senior United States officials should have on our briefs for the December meeting of Ministers. Perhaps the Interdepartmental Panel on the Economic Aspects of Defence would serve as a convenient body in which to co-ordinate the results of these various meetings with United States officials before final briefs are prepared for the Canadian Ministers who will attend the December meeting.

N.A. ROBERTSON

97. DEA/50210-F-40

Le président du Comité des chefs d'état-major
au sous-secrétaire d'État aux Affaires extérieures

Chairman, Chiefs of Staff Committee,
to Under-Secretary of State for External Affairs

TOP SECRET Ottawa, October 22, 1958

ACQUISITION OF NUCLEAR WEAPONS

Further to Mr. Robertson's letter of 20 October, to which was attached copies of telegram 2501 of 14 October, and to our conversation last Monday, I am attaching copies of an aide mémoire† which I propose to use for discussions with the Chairman of the United States Chiefs of Staff next Monday and Tuesday, dealing with some of the points raised in the letter of 20 October.

I am in complete agreement with the points raised in Mr. Robertson's letter regarding an early meeting of consultation, and this is in line with the preliminary work which I wish to do in Washington on both the question of the declaration of increased states of military readiness and the question of the provision, custody and control of defensive nuclear weapons for the Canadian forces.

I would appreciate an opportunity of discussing these two papers with you before I proceed to Washington, and I was wondering whether it would be possible to discuss these on Thursday afternoon after the meeting of the Panel on Economic Aspects of Defence Questions. This is about the latest time I would have an opportunity to discuss these matters as I wanted to clear them with you before I discuss them with Mr. Pearkes on Friday.

Could you advise me by telephone whether this meeting tomorrow would be possible; if not, whether we could meet early on Friday.

CHARLES FOULKES

---

98. DEA/50210-F-40

Note du chef de la 1ère Direction de liaison avec la Défense
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Defence Liaison (1) Division,
to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], October 24, 1958

ACQUISITION OF NUCLEAR WEAPONS[145]

I attach for your information General Foulkes' letter to you of October 22 on this subject in which he expresses the hope that he could speak with you today.

2. There are attached to General Foulkes' letter two papers which he wishes to clear with his Minister, and which would then serve as a basis for his discussion sometime next week with his United States service colleagues in Washington. We have some reservations about

---

[145] Note marginale :/Marginal note:
— Increased States of Military Readiness [J.J. McCardle]

both of these papers and would suggest, that in speaking to General Foulkes, you might express the hope that he would, in his discussions in Washington, leave open the question of the political implications which are involved in the two subjects. This would be particularly appropriate in view of the fact that we are attempting to arrange a Meeting of Consultation to precede the Ministerial Meeting in December.[146]

3. *Acquisition of Nuclear Weapons*: It would seem desirable at this stage that General Foulkes avoid any firm indication of the Canadian Government's stand on control of the use of nuclear weapons in or over Canadian territory, (a) because it seems clear that CINCNORAD must, on the United States side at least, get clearance from his political authorities for the use of nuclear weapons (and we should seek to investigate the possibility of analogous arrangements on the Canadian side) and (b) the State Department has opened a door which should not be closed in suggesting the relevance to Canada-United States arrangements of United States-United Kingdom arrangements under which joint responsibility for use of atomic weapons under certain circumstances is shared by the United States and United Kingdom governments.

4. There is reason as well to avoid firm decisions with respect to the Brigade's use of the LACROSSE in Europe. It is not entirely clear yet what arrangements SACEUR will be able to make with the European powers in NATO for control of use of tactical nuclear weapons there.

5. *Increased States of Military Readiness*: There could be no objection to General Foulkes discussing with his military colleagues the desirability of making formal the *ad hoc* arrangements agreed upon recently under which, in periods of tension, CINCNORAD consults the two National Chiefs of Staff organizations before increasing the state of military readiness of his Command. On the other hand, we would believe it appropriate to leave for a Meeting of Consultation discussion of the possibility of improving procedures for political consultation in the same circumstances.

6. Perhaps general arguments along the line set out above are sufficient for your immediate purpose. If you wish to have a more detailed discussion with General Foulkes we could provide you with a more detailed case. You have already seen the important correspondence with respect to the problem of control of nuclear weapons.

PAUL TREMBLAY

---

99. DEA/50210-G-1-40

Procès-verbal de la réunion portant sur les discussions entre le Canada et les États-Unis sur le partage de la production

Minutes of Meeting on Discussions between Canada and United States on Production Sharing

FOR OFFICIAL USE ONLY Washington, November 18, 1958

Opening Statement by the Chairman, Honorable D.C. Sharp, Assistant Secretary of the Air Force, Materiel.

---

[146] Pour le compte rendu de la réunion de consultation tenue à Washington le 19 novembre 1958, voir le document 133.

For a record of the Meeting of Consultation held on Washington on November 19, 1958, see Document 133.

Mr. Sharp welcomed the delegates to the meeting. He stated that the purpose of today's meeting was to examine accomplishments since the last meeting and to lend new direction or emphasis to the efforts of the working teams if needed.

Mr. Sharp pointed out that the ultimate aim of production sharing can only be achieved through the establishment of a sound program which can be defended and will produce the greatest results. While the U.S. is placing emphasis on the rapid achievement of positive results, caution must be employed to prevent unsound action which might damage the overall effort. All decisions must be economical technically and politically sound. Positive and concrete results can be expected in the very near future.

Substantial progress has been made on the Air Force programs and action in the Army and Navy on particular programs is contingent upon receipt of proposals from the Canadians identifying those items for which they have a production capability and joint effort is desirable.

Colonel Uhle made a detailed presentation covering the progress made since the 9 October meeting in Ottawa. He noted that primary attention had been given to the four AF programs (Sage, Bomarc, Heavy Radar and Gap Fillers) where immediate action was possible. Frequent informal meetings had also been held of the tri-service Steering Group, to make a preliminary review of fifteen problem areas identified by Canadian representatives, to take action as appropriate on memoranda from Mr. Huck and to keep abreast of progress by other working groups. At a formal meeting of this group on 5 November in Ottawa, objectives of production sharing were drawn up, as well as nature and scope of the Steering Group. It was agreed that most actions would continue to be handled on an informal expedited basis. The policy directive signed by Mr. Sharp 14 October serving as a basis for Air Force action contained a positive statement on increasing Canadian participation in North American defense programs using the criteria of technical competence, satisfying schedule requirements and at a reasonable cost. Actions by Working Groups on the Sage, Bomarc, Heavy Radar and Gap Fillers and by Boeing were covered in detail. Boeing will solicit from Canadair a proposal on manufacture of wings and ailerons for the Bomarc. Colonel Uhle cautioned that this is sensitive information which should not be disclosed outside official channels until negotiations have been completed and the final decision made.

In the ground environment area, opportunity will be given for competitive bids by Canadian firms in additional areas representing at least $15 - 20 million potential which include world-wide Air Force requirements along with quantities for use in Canada. Examples include radomes and towers, radar improvement projects, and communications equipment. In addition, three types of magnetrons, for which a Canadian firm is qualified are required in the FY 59 AF program which represent a potential of $2.2 million. It was noted that the raid assessment radar is considered as a good possibility for Canadian production possibly with technical assistance from AVCO, and the Air Force is prepared to consider sole sourcing, depending upon the technical approach and a price within the present program estimate. The communications improvement of the main Dewline is also a good possibility for Canadian production and when the program is firm, it is planned to solicit only the Canadian source and perhaps Western Electric.

Extensive action is underway by Rome AFD to encourage American prime manufacturers to subcontract work to Canadian firms and a summary was made of these efforts.

Mr. Huck commented upon the excellent progress made to date, pointing out that we are reaching a point where success can soon be evaluated. He also expressed appreciation for the cooperation shown at USAF and contractor facilities he has visited.

Mr. Golden reviewed the Canadian experience in the field of Production Sharing, pointing out that largely due to geography and economic factors, Canada has experienced production sharing probably to a greater degree than any other country. Substantial quantities of equipment were purchased outright from U.S. production. Where production is undertaken in Canada, U.S. components are almost invariably involved in one degree or another. This creates no great problems of economics or logistics in Canada and Mr. Golden made the plea that the U.S. take the same view. Canadians don't have to work toward production sharing — they are in it now — but it is not normal in the U.S. and must be encouraged. Mr. Golden also added a word of caution concerning the much used reference to U.S. prime contractors using Canadian subsidiaries as subcontractors. This arrangement is natural and useful but the Canadian Government can never admit that this should be the only, or even the main, avenue through which Canadian industry should have access to U.S. defense production orders.

Colonel Uhle presented two papers (copies attached as Inclosure #1 and Inclosure #2) for consideration as guide lines for the Steering Group and objectives for the Production Sharing effort. A Canadian reservation on an apparent inconsistency between the last paragraph of the statement of objectives and one of the listed objectives was noted. No additional changes were proposed.

Mr. John W. Klotz, Office of the Secretary of Defense, presented the status of the Anti-ICBM program.

Mr. Miller expressed appreciation for such presentations because it is necessary to go further back into the life cycle of programs in order to properly approach the production sharing concept. He cited a newspaper advertisement which offered employment to Canadian engineers with U.S. firms concerned with BMEWS systems. He pointed out that Canada doesn't want to lose its engineers as these people are essential to Canadian participation in production for common defense. Canada is a partner in NORAD and the Canadian Government has received inquiries from NORAD on sitings in AICBM program. He believed that this program is of great national interest and while it must be under American management that he hoped it would be possible to identify some area that Canada could share load. He concluded that the AICBM program is a fruitful program for a group to consider.

Mr. Higgins pointed out that at the last meeting he (Mr. Higgins) had requested the AICBM program discussion be deferred. He stated that U.S. Army is willing to enter into discussion of the feasibility of production sharing on this program. As a forward first step, the U.S.-Canadian program has been discussed with Western Electric, the Nike Zeus systems manager, and they had agreed to cooperate. Arrangements can be made to talk with the Western Electric people.

It was agreed to pursue the possibility of Canadian participation in this program within the general working group.

Mr. Golden then led a discussion of items which the Canadians felt worthy of consideration for production sharing.

(1) VRC-12 — Mr. Golden expressed considerable interest in this item. He pointed out that it was developed through joint U.S. - Canadian effort. Canada intends to manufacture this item with some components being purchased in U.S. Mr. Golden suggested that this might be an appropriate item for a working group.

Colonel Woolwine stated that the U.S. Army had ordered 40 sets for evaluation. When and if production quantities are ordered, the order will be placed on a competitive basis.

Mr. Huck asked if it would be feasible to agree upon one source for manufacture of the end item.

Mr. Golden stated that there would probably be two sources for the end item but possibly agreement could be reached on one source for some components.

After further discussion it was agreed that Mr. Huck and Colonel Woolwine, within the general working group, would investigate possibility of production sharing on this item.

(2) LaCrosse Missile - Mr. Golden stated that Canada has made a small purchase of these missiles from the U.S. There are presently no plans for the production of this item in Canada, but it might be considered as an item for production sharing.

It was agreed that Mr. Huck and Colonel Woolwine would consider the item within the working group.

(3) VTOL-STOL - Mr. Golden requested that these items be discussed separately. There has been only limited Canadian Government activity on VTOL but they have been quite active on STOL. Canada proposed that the STOL program be considered for production sharing.

Mr. Sharp suggested that, since all services in both countries are interested in this item, a group should be established to consider it. Admiral Clexton pointed out that a U.S.-U.K.-Canada Panel studying this item had met in Washington and London to consider progress of the U.S. and U.K. in this field and was scheduled to meet in Ottawa in February to consider the Canadian VTOL-STOL program. After this meeting the panel will report its findings and make recommendations on the types of programs on which each country is best qualified to continue R&D. Mr. Thomas suggested that the above group is considering R&D only, therefore would have no interest in the production sharing aspect.

It was agreed that this item would be considered by the Steering Group who would consider setting up an additional group. The efforts of this latter group to be coordinate with sub-group H.

(4) The deHavilland Caribou, Beaver and Otter Aircraft — Canada is very proud of the success of these aircraft. Mr. Golden expressed a sincere hope that if any U.S. requirement develops for any of these aircraft or further refinements to them that deHavilland will be considered as the source. No action now but please keep it in mind.

(5) Ammunition-Rockets-Pyrotechnics-etc. — Mr. Golden acknowledged that this is a very difficult field for both countries in the development-programming-production aspects. He stated that Canada manufactures some and procures some in the U.S. and suggested that it may be worthwhile to see if each country can't get out of business on some forms.

Mr. Higgins replied that the programs in this area have declined sharply in recent years. As an example, 105 mm howitzer ammunition, which is normally U.S. Army's most active requirement, has been reduced from 18 production lines down to 3.

General Engler pointed out that the U.S. and Canada have gotten together on requirements in past years; however, there has been little interchange in the past two years because both countries have reduced their programs substantially. It may be well at this point to reactivate the three service-tri-partite group to look into ammo programs again.

Mr. Huck suggested that since the tri-partite group was out of business possibly the working group could review the problems and programs in the current situation and determine if it is worthwhile to go further into the subject.

After further discussion, Mr. Golden said that he understood the U.S. Army was inviting Canada to a discussion of the problem. He accepted the invitation.

(6) Army Radios and Radar, Navy Sonar, Electronic Plotting Tables, Fuses, Compasses, etc. — Mr. Huck pointed out that at the last meeting a presentation was made by the Director, Electronics Branch, Department of Defence Production. The presentation was made in order to acquaint the U.S. delegates with the experience and capabilities of the Canadian electronics industry. He recommended that the channels be opened now for Canadian sources to be solicited in the above selected areas. He pointed out that the Buy American Act must be dealt with, possibly by Secretarial waiver.

Mr. Sharp advised that the Buy American Act is being considered by Secretary McGuire with Secretary Quarles which is a higher level than that represented at this meeting; therefore, no comment can be made at this time.

Mr. Golden agreed that nothing could be gained by attempting to assess the matter as such at this time.

Mr. Huck stated that each country has a production line for this item but Canada is buying some components in the U.S. Canada thinks this is a good area for Production Sharing.

Mr. Bantz stated that the U.S. Navy does not consider this a firm item at present. It is being evaluated and technical information has been forwarded to Canada. The U.S. Navy is already "sharing" this item between one of its arsenals and the contractor who developed it.

It was agreed that Mr. Huck would study the technical info which the U.S. Navy is furnishing to Canada and work through the working group on those components that Canada is capable of producing.

(8) J-83 Engine — Mr. Sharp advised that he has discussed this area with Orenda and Fairchild and that he was in no position to make any commitments at present.

(9) Joint or Shared Development — Mr. Golden proposed that three areas: (a) Counter Mortar Radar, (b) Bobcat Light Track Carrier, and (c) Variable Depth Sonar, be considered for joint development with a view toward later Production Sharing.

(a) Colonel Woolwine advised that the U.S. requirement for this item is already on contract and half of it has been delivered. Further, there has been a full exchange of information including drawings.

(b) Colonel Woolwine advised that information is being exchanged on the light track carrier. The U.S. Army is watching the Canadian development with keen interest, however, it is a low density item and not a carrier chassis common to that used by the U.S. Army. The U.S. Army is primarily interested in a 105 mm carrier version.

Mr. Huck asked whether the U.S. and Canada are conducting duplicate development programs on carriers and whether anything can be done to coordinate development and prevent duplication.

General Engler stated that the U.S. Army is striving for standardization of vehicle parts in this type item and therefore could not purchase any low density items with non-standard components.

This item can be referred to the Steering Group at a later date by the Canadians if so desired.

(c) Mr. Huck pointed out that this item is ready for evaluation in Canada and asked whether the U.S. is working on a similar item.

Mr. Bantz advised that the U.S. Navy is not working on the same item but a similar one. He expressed the opinion that interchange of development info is taking place.

Admiral Clexton pointed out that the degree of interchange and U.S. interest in the Canadian program is evident in the fact that the U.S. Navy is loaning one of its four high speed submarines to Canada for test purposes.

Mr. Sharp pointed out that apparently Research and Development people are sharing information but not with a view toward later production sharing. It was suggested that Canada might place a production man on certain of the R&D groups, as appropriate, in order to obtain information relative to areas where future production sharing will be feasible.

A proposed press release was agreed upon and the meeting adjourned.

100. DEA/50210-6-1-40

Note du président du Comité des chefs d'état-major
pour le Comité sur les aspects économiques
des questions de la défense

Memorandum from Chairman, Chiefs of Staff Committee,
to Panel on Economic Aspects of Defence Questions

SECRET [Ottawa], December 2, 1958

ED 35-58

STATES OF READINESS FOR NORAD

1. The situation which has arisen during the Middle East crisis, and again during the operations in the Far East in the Straits of Taiwan, highlights the necessity for an interpretation of the terms of reference of NORAD in regard to the authority to declare increased combat readiness. Para. 10 (1) states as follows:

> "Specify the conditions of combat readiness, to include states of alert, to be maintained by all forces assigned, attached or otherwise made available including augmentation forces while under the operational control of CINCNORAD."

2. This matter had been informally discussed with CINCNORAD, and he reports as follows:

> "In the Middle East crisis, as was the case in the Suez crisis earlier, the command experienced difficulty in getting permission to assume a more advanced state of alert, and once on increased readiness found it even more difficult to revert to normal status after the crisis had passed. There seems little likelihood that NORAD's authority to change status to meet any air threat against North America might be challenged. However, international situations of tension introduce factors of political significance not assessable here in Colorado Springs. It is hoped, therefore, that under conditions such as existed during the two Middle East crises and as now obtains in the Far East, the political leaders of our two countries may arrange timely consultations so that NORAD's alert posture may suit the actual military situation.
>
> "Meanwhile and as an interim measure, a procedure is being worked out by which the NORAD establishment as a whole can change status without having political and public relations considerations loom so large as to override the military factors. It appears that the best way to achieve this objective is to change from normal preparedness to increased readiness by issuing to the command detailed instructions which will in each case be tailored to the severity of the threat. Normally this would result in doubling the number of aircraft on five-minute readiness on each typical station, as from two to four,

> and in increasing the number of NIKE units on 15-minute status. Other minor adjustments will also be directed at the same time, but none of these actions should be apparent to anyone outside the command."

3. It therefore would appear that there is need for a clear interpretation of NORAD's terms of reference, particularly insofar as they refer to the calling of a state of increased combat readiness which results from an increased state of tension outside North America.

4. It would seem from CINCNORAD's view of the interpretation of para. 10 (i) that his terms of reference would leave CINCNORAD free to declare increased states of readiness on his own authority in the following circumstances:

(a) for purposes of training his command (with due notification to Chiefs of Staff);

(b) in the event of an unacceptably large number of unidentified aircraft within the warning system.

5. In other circumstances, such as increased tension, it would appear that the Chiefs of Staff of Canada and the United States should be in a better position to assess the necessity of increased states of readiness than CINCNORAD. It is therefore suggested that in such cases the Chiefs of Staff of Canada and the United States should consult, and after agreement is reached, instruct CINCNORAD to increase the state of readiness as required. As a result of the experience during the Middle East crisis, it must be assumed that any increased states of readiness declared during a period of tension are likely to become known, and therefore it should be assumed that they will have to be made public. This being the case, it would appear prudent to secure government approval and therefore political consultation may be necessary prior to the calling of increased states of readiness. On the other hand if CINCNORAD, by means of practice alerts, etc., as suggested in his letter of 5 September 1958,† can achieve an increased state of readiness without anyone outside the command being aware, it may not appear to be necessary to secure political clearance.

6. It is therefore suggested, as a first step in clarifying procedures for calling increased states of readiness, that agreement be reached that the interpretation of para. 10(i) be as follows:

> THAT CINCNORAD be authorized to declare increased states of readiness on his own authority in the following circumstances:
>
> (a) for the purposes of training his command; or
>
> (b) in the event of an unacceptably large number of unidentified aircraft within the warning system;
>
> THAT he be encouraged to practise assuming increased states of readiness and work out a system of increasing his readiness which should not be apparent to anyone outside the command; and
>
> THAT the responsibility for declaring increased states of readiness as a result of increased tension be reserved for the Chiefs of Staff of both countries.

7. This problem of the interpretation of CINCNORAD's authority to declare increased states of readiness was discussed informally with the United States authorities during a meeting of consultation on 19 November, 1958, and the U.S. Chiefs of Staff have undertaken to give this matter study. It is expected that they will be prepared to make recommendations at the Joint Ministerial Meeting to be held on 15 December, 1958.

[C. FOULKES]

101. DEA/50210-6-1-40

Note pour le Comité sur les aspects économiques des questions de la défense

Memorandum to Panel on Economic Aspects of Defence Questions

SECRET [Ottawa], December 2, 1958

ED 36-58

CANADA - UNITED STATES SHARING OF PRODUCTION TASKS IN NORTH AMERICAN DEFENCE

I. THE NEED FOR PRODUCTION SHARING

1. On September 21st, 1958, Cabinet agreed that the BOMARC missile and SAGE electronic control system would be introduced into Canada's air defences, and that the Pinetree line would be extended and strengthened by the addition of heavy radars and gap fillers. The effect of these decisions will be to base Canadian air defence, to an unprecedented extent, on equipment designed and developed in the United States.

2. While this development reflects the growing operational integration of Canadian and United States air defences, as characterized by NORAD, it is also attributable, in part, to the rapid increase in the cost and complexity of modern defence equipment, which has now made it virtually inconceivable that Canada shall in future develop any major weapons systems independently.

3. At the same time, it is equally inconceivable that this country should look to the United States for all its major weapons and forego any development or production role in relation to such requirements. The growing integration of Canadian and United States defence forces and equipment must be matched by a closer and more systematic integration of development and production efforts, in order to ensure that the skills and resources of Canada may contribute to the common defence of the two countries in a manner and on a scale commensurate with Canadian capabilities.

4. The decisions of last September brought this general problem sharply into focus and created a sense of urgency. At the same time, they gave rise to an immediate problem of finding ways for Canadian industry to participate, with the least possible delay, in the BOMARC, SAGE and radar programmes which were already well underway in the United States, in order to mitigate the effects of the Sparrow and Astra terminations and to provide tangible evidence that Canada does not intend to abandon the technological effort which its past defence programmes have generated.

II. APPROACH TO THE UNITED STATES

5. Since the air defence policy decisions of September, solutions to these problems have been pursued energetically in discussions between Canadian officials and the appropriate United States authorities. These discussions have had as a starting point, the fact that the economic interdependence of Canada and the United States, in relation to defence, has been accepted as a general principle by the two governments for some years. The Hyde Park Declaration of April, 1941, and the Statement of Principles for Economic Co-operation of October, 1950, in their recognition that the economic resources of the two countries should be used co-operatively for defence in order to achieve the best combined result, provide an adequate theoretical basis for the production-sharing sought by Canada.

6. It has been pointed out to the United States authorities, however, that although their industry has always shared significantly in the Canadian defence production programme, the procurement programmes of the U.S. Services have taken far less account of Canada's industrial capabilities. Production-sharing, as conceived by Canada, requires U.S. government action to redress this balance by ensuring that Canadian sources of supply are given effective recognition by U.S. procurement personnel and contractors. Canada's experience in accepting the participation of U.S. firms in the programmes of this country should dispel any United States fears that the inclusion of Canadian firms in their production programmes might weaken their control of those programmes or jeopardize their success.

7. To give direction and force to the current efforts to accomplish a sharing of production tasks, meetings were held in Ottawa on October 9, 1958, and in Washington on November 18, 1958, between the Deputy Ministers of Defence Production and National Defence and the Assistant Secretaries (Materiel and Logistics) of the United States Army, Navy and Air Force. Representatives of the Canadian Departments of External Affairs and Finance, and of the three Canadian Services and Defence Research Board also attended both meetings. On these occasions, the United States representatives freely acknowledged the need to share with Canada the tasks involved in producing weapons for North American defence, and agreement was reached on immediate and long-term objectives in the following terms:

> the immediate objective of U.S.-Canada production-sharing is to increase the participation of Canadian industry in the production and support of North American defence weapons and equipments;
>
> the continuing objective is to co-ordinate the defence requirements, development, production and procurement of the two countries in order to achieve the best use of their respective production resources for their common defence, in line with the concept of interdependence and the integration of military arrangements.

III. PROGRESS TOWARD THE IMMEDIATE OBJECTIVE

8. To meet the immediate objective, the Department of Defence Production and the United States Air Force are together seeking opportunities for Canadian industry to undertake production tasks relating to BOMARC missiles, SAGE equipment, and heavy radars and gap fillers. It has been agreed that Canadian participation should be considered on the basis of the combined requirements of the two countries, whether for installations in the United States or Canada, in order to permit production on the most economic scale possible. It has also been agreed that, in order to qualify for a share in these programmes, Canadian industry must be technically competent, able to meet the delivery requirements, and reasonable in cost.

9. Working Groups have been established and meetings held with the United States Air Force and its prime contractors for BOMARC, SAGE, heavy radars and gap fillers. The first Canadian approach has been to identify equipments which are not yet contracted for, and for which Canadian industry is competent to assume prime contractual responsibility. Where this is not possible, either because of the magnitude or technical complexity of the requirement, or because contracts have already been placed with United States companies, attention has centered on the possibility of sub-contracting parts of the programmes into Canadian industry.

10. Although there has not yet been time for these efforts to produce concrete results, it should be possible within the next several months to judge the degree of success likely to be achieved. It has been found that the responsible authorities in the United States Air Force are no less anxious than Canadian authorities to obtain quick results, if only to avoid any delay in their own programmes. They have given strong and continuous encourage-

ment to their procurement agencies and prime contractors to pursue the study of Canadian production possibilities energetically.

11. In addition to these efforts relative to the specific air defence programmes, United States co-operation has been sought to prevent the closing of key Canadian facilities for the production of magnetrons and klystrons, which were left virtually devoid of orders as a result of the Sparrow and Astra terminations. The United States authorities have acknowledged the relevance of this problem to the agreed immediate objective, and appear to be making serious efforts to find ways of supporting these facilities.

IV. PROGRESS TOWARD THE LONG-TERM OBJECTIVE

12. Concurrently with the foregoing developments, attention has been given to the continuing objective: the co-ordination of future development and production programmes of the two countries to obtain the best use of their combined production resources. It is recognized by both countries that, in the long run, the degree of participation by Canadian industry in the production of major weapons will be governed largely by the extent to which Canadian scientific and engineering skills are able to share in co-ordinated programmes of development. The Canadian representatives, at the Washington meeting of November 18th, emphasized the likelihood of a future common interest in the programme for active defence against the intercontinental missile, which is now in the development phase, and it was agreed that the sharing of the tasks involved in the successive stages of this complex programme could well be studied. It was also noted that the two countries have common or related interests in the development of short-take-off-and-landing (STOL) aircraft for a variety of operational roles, and that, here again, research and development efforts should be co-ordinated in the light of future production-sharing possibilities. Other proposals were made at the same time for the study of production-sharing possibilities in relation to a number of lesser items of equipment for which a common Canadian and United States military requirement exists or seems likely to develop.

13. In the discussions to date, the Canadian representatives have emphasized that, when Canadian requirements could be met by fully-developed U.S. designs, this country has refrained, on common-sense grounds, from undertaking parallel developments, and has not hesitated to resort to United States sources of supply when production in this country seemed uneconomic. It has been urged upon the United States Services that there should be the same willingness on their part to accept the results of Canadian research and development where these satisfy United States requirements, and to look to Canadian production if savings can thereby be achieved. This argument has been particularly relevant to two specific current instances involving Canadian equipment. One of these is the proposal submitted by Convair to the United States Air Force for Airborne Early Warning aircraft, which would employ a Canadair-built airframe based on the CL-44. Acceptance of this proposal would yield widespread benefits to Canadian industry, and Canadian ministers and officials have made a number of representations to the United States Department of Defence and the Air Force, urging that, if the Convair-Canadair proposal is technically sound, its acceptance would be welcomed as convincing evidence that production-sharing is being accomplished. Similar representations have been made with reference to the impending evaluation by the United States Army of the DeHavilland Caribou aircraft.

14. Throughout all the discussions, relative to both the immediate and the long-range objectives, Canadian officials have been aware of certain impediments to production-sharing which are inherent in United States policies and procedures. In general, these tend to deny free and equal consideration to Canadian firms as either prime or sub-contractors within the United States procurement programmes. The United States military departments

have recognized the existence of these hindrances, and have agreed to explore ways of eliminating or mitigating the effect of certain of them, particularly in the area of security regulations. Others, however, such as the Buy American Act and the special provisions made for Small Business and surplus labour areas, are of appreciable political significance in the United States. Canada is particularly interested in the Buy American legislation, and it is understood that the Secretaries of the United States Army, Navy and Air Force are currently considering whether and to what extent this legislation can be waived in respect of United States defence procurement in Canada.

V. RECOMMENDATIONS

15. It is recommended[147] that Ministers

(a) Endorse the immediate and continuing objectives of production sharing, as set out above, as a basis for continuing effort by officials;

(b) Recognize that agreements already in force between the Governments of Canada and the United States, and in particular the Statement of Principles for Economic Co-operation, provide an adequate basis, in principle, for the production sharing arrangements sought by Canada;

(c) Represent to the United States Secretaries that, while United States industry already participates significantly in the Canadian defence procurement programme as a matter of course and may expect to continue to do so, participation by Canadian firms in United States procurement programmes is more restricted, and that action by the United States Government is required to ensure that Canadian sources of supply are given effective recognition by United States procurement agencies and defence contractors;

(d) Represent to the United States Secretaries that the United States Services should accept the results of Canadian development where these meet United States requirements, and look to Canadian production if savings can thereby be achieved — with specific reference to the Convair Airborne Early Warning aircraft proposal and the DeHavilland Caribou;

(e) Represent to the United States Secretaries the desirability of obtaining a substantial waiver of the Buy American Act in respect of United States defence procurement in Canada.

---

[147] Le Comité d'experts sur les aspects économiques des questions de la défense a approuvé, après quelques légères modifications, ce document qui constitue le document d'information officiel sur le partage de la production, destiné à la délégation canadienne à la réunion à Paris du Comité Canada-États-Unis de la défense. Consulter la section H de cette partie.

With minor revisions, the Panel on the Economic Aspects of Defence Questions approved this paper as the official brief on production sharing for the Canadian delegation attending the Paris meeting of the Canada-United States Committee on Defence. See Section H of this Part.

102. PCO

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

CABINET DOCUMENT 352-58 [Ottawa], December 2, 1958

SECRET

JOINT RCAF-USAF AIR DEFENCE PROGRAM
PINETREE EXTENSION, SAGE AND BOMARC COST-SHARING

1. Cabinet decision of 8 September, 1958, authorized negotiation with the USAF on sharing the cost of the following approved defence programs:

(a) Seven new prime radar sites (five in the prairies and two in the east) supplemented by forty-five gap filler radars;

(b) A semi-automatic ground environment system to handle intercept computation for aircraft and missiles; and

(c) Two Bomarc squadrons to complete the NORAD continental missile plan.

2. The estimated cost of the above programs has been agreed with USAF as follows:

Program	Construction & Unit Equipment	Technical Equipment	Totals
Seven New Heavy Radars	$ 69.4	$ 50.8	$120.2
Forty-five Gap Fillers	11.3	12.5	23.8
SAGE Direction Centre	14.1	34.9	49.0
Saging of Existing Radars	14.2	60.0	74.2
BOMARC — two 30 missile squadrons	19.8	91.0	110.8
	$128.8	$249.2	$378.0

(Discussions are still in progress on the complex matter of sharing new and existing telecommunication circuits; the additional cost to Canada is expected to approximate $2 million).

3. Because of the precedent set by the Pinetree program, the USAF is disposed to accept a sharing of costs in the ratio of one-third RCAF to two-thirds USAF. It was not possible to arrive at a workable division of costs in this ratio either by dividing each program by sites or by items of equipment. However, a practicable basis for cost sharing which adheres to the desired ratio would be for the RCAF to pay for all construction and unit equipment and for the USAF to pay for all technical equipment. This way of splitting costs gives the further advantage of simplicity, it avoids the danger of differences in technical equipment and it ensures uniformity in construction.

4. As Cabinet is aware, production sharing discussions between US and Canadian officials have been under way concurrently and, from encouraging negotiations to date it appears that Canadian manufacturers will secure orders as prime producers and as subcontractors for common defence requirements on both sides of the border. Under this concept, consideration of which nation was to use a particular equipment or which nation

was to pay for it would be secondary to the economics of co-ordinated production. For this reason the decisions on cost-sharing can be separated from considerations on sharing production.

5. The USAF have agreed that production of the technical equipment which they will be financing entirely for the present programs must be shared between the two nations. Beyond this it can be expected that Canada will participate in other NORAD programs in ground electronics, missiles and support equipment. However, in competing for this business, Canadian manufacturers often have the disadvantage of facing pre-production tooling and engineering costs which, in some cases, have already been amortized by their US competitors. As such pre-production costs must be met to place Canada in a competitive position, funds for this purpose are being included in the 1959-60 estimates of the Department of Defence Production.

6. On the understanding that:

(a) both governments recognize the objectives of production sharing and that a reasonable and representative share of defence production will be placed in Canada, and

(b) the RCAF (which is responsible for manning and operating the sites in Canada) is to participate in all aspects of the programs from design to installation,

it is recommended that Cabinet approve the Minister of National Defence entering into an agreement with the US that the costs of the above proposed new radar, SAGE and Bomarc air defence programs in Canada will be shared on an approximate 1/3 - 2/3 ratio through Canada paying for construction and unit equipment and the USA paying for all technical equipment.[148]

GEORGE R. PEARKES
Minister of National Defence
RAYMOND O'HURLEY
Minister of Defence Production

---

103. DEA/50210-F-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], December 3, 1958

ACQUISITION AND CONTROL OF ATOMIC WEAPONS

The Panel on Economic Aspects of Defence Questions will meet at 3.00 p.m., on December 3, to consider recommendations to Ministers on questions on the agenda of the first meeting of the Canada-United States Ministerial Committee on Defence which is to take place in Paris on December 15. One of the question concerns the acquisition by Canada of atomic weapons.

2. We had indicated in earlier correspondence with other members of the Panel that this Department would be submitting a paper on this question. You may therefore wish to explain to the Panel that you had decided upon reconsideration not to submit a paper.

---

[148] Approuvé par le Cabinet le 9 décembre 1958. Voir le document 134.
Approved by Cabinet on December 9, 1958. See Document 134.

There is attached† for such use as it may be to you background material on the problem. We are setting out in this memorandum some points which may be useful to you for the discussion of the subject in the Panel. We have tried to take into account the points which you made in our conversation yesterday.

Presentational Factors

3. You may wish to emphasize the following procedural arguments which are of some importance -

(a) Ministers will not be able to avoid saying something in the new Session of Parliament on the question of control of the use of atomic weapons acquired by Canadian forces.

(b) It might be unwise in initial Ministerial statements to tie United States-Canada arrangements too closely at this stage to "NATO procedures."

(c) A public statement of substance by Ministers on the storage (and control) of atomic weapons before settlement of most of the details with the United States could lead to difficulties in the House, e.g., last year's NORAD debate. From the point of view of public presentation, the last point may well be of most immediate importance.

Basic Considerations

4. The following would seem to be the basic considerations which should underlie the Canadian Government's approach to the question of acquisition and control of nuclear weapons for use by Canadian forces:

(a) We should adhere to the principle that the control of use of nuclear weapons should remain in as few hands as possible for as long as possible. We should not therefore seek to extract from the United States concessions on custody and control of nuclear weapons which would offer encouragement to what might be termed "nationalist" sentiment existing among some of our NATO allies on this question.

(b) In making arrangements for the acquisition of these weapons, we must constantly bear in mind the Government's attitude on disarmament in the broadest sense, on arctic zones of inspection in particular, and on the limitation of the spread of capability to manufacture nuclear weapons. (The Minister's statement of July 29, 1958, to the External Affairs Committee on this latter question is attached† — beginning at page 13 of the Minutes of the External Affairs Committee).

(c) While the technical aspects of air defence problems in North America may be somewhat different from those arising in Europe, the Canadian Government may find it more acceptable to make special arrangements with the United States under the general umbrella of its NATO commitments.

Custody of Atomic Stock Piles

5. With these considerations in mind, we should recommend to Ministers that they agree that custody of atomic weapons stored in Canada should remain in United States hands until they are released by the President of the United States.

The Control of Nuclear Air Defence Weapons

6. There are two aspects to the problem, one operational and the other political. The military view is that a nuclear weapon is just another weapon to be used according to prearranged plan whenever the military situation demands it and without further recourse to civil direction. On the other hand, their effect is such that the sanction of responsible political authority for their use should be mandatory except in extreme circumstances (the enemy overhead without advance warning). Furthermore, nuclear weapons are not yet regarded by the public as "just another weapon." In the circumstances, we believe that

Ministers should be advised to seek agreement with their United States colleagues on a formula similar to that employed in the US-UK agreement with respect to IRBM's,[149] namely, that the use of these weapons would be a matter for joint decision by the Canadian and United States Governments. (The US-UK agreement is attached).†

7. To satisfy the military argument, it could be understood, however, that in an emergency (air defence warning "yellow" or "red" perhaps) the Canadian Government's exercise of control would be delegated to the relevant Canadian Commander, perhaps the Air Officer Commanding, RCAF Air Defence Command, who would give immediate notification to the Government through the Canadian Chiefs of Staff. The Government has already taken a position on such an emergency situation. Speaking in the House of Commons on December 5,[150] the Minister of National Defence said in part — "Consequently, the exercise of this authority (the interception and destruction of enemy bombers over Canadian territory) under Government-approved procedures can safely be delegated to NORAD without fear that any defensive action taken would in itself initiate war ... every precaution has been taken and will continue to be taken to ensure that the Canadian Government is consulted before any act is undertaken which would commit this country to war." There is a suggestion in the Minister's statement that it might be possible even after an attack had been launched on North America to somehow limit the scope of the ensuing conflict.

8. The substance behind the public position of "joint decision" as noted above, would lie in the recently concluded agreement with the United States on consultation in situations where either Government deems it necessary to declare a national alert involving the civilian population. It has been agreed that there will be consultation through both diplomatic and military channels preceding the institution of alert measures except in specified "extreme circumstances."

9. We think it would be possible as well to include in this formula the use of weapons based in the United States but firing nuclear warheads into Canadian air space.

Strategic Weapons

10. While National Defence seems reluctant at this stage to attempt to bring the matter of strategic weapons within some such political formula as that indicated above, we think there may be merit in attempting to do so. If the Government agrees that nuclear weapons for SAC use might be stored at Goose Bay, we do not think it unreasonable to suggest that use of these weapons from Canadian territory should also be subject to the joint decision of the two Governments. Under the overflight procedures agreed to in 1951,[151] the United States has agreed to consult the Canadian Government and seek authorization for the overflight of Canada by SAC bombers proceeding on a strike mission. We see no reason why we should anticipate that the United States would seek to be freed from this commitment. We would see merit, however, in some formal reaffirmation of the 1951 agreement at the time that arrangements are made for the storage of SAC weapons at Goose Bay.

11. One can visualize some distinction between the Canadian Government's reaction in the case of the use of defensive nuclear weapons and in the case of use of strategic

---

[149] Voir Canada, Comité permanent des Affaires extérieures, *Procès-verbaux et Témoignages*, N° 1, Séance du mardi le 29 juillet 1958, pp. 15 à 16.

See Canada, Standing Committee on External Affairs, *Minutes of Proceedings and Evidence*, No. 1, Tuesday, July 29, 1958, pp. 13-14.

[150] Voir Canada, Chambres des Communes, *Débats*, 1957-58, volume II, 5 décembre 1957, p. 1993.
See Canada, House of Commons, *Debates*, 1957-58, Volume II, December 5, 1957, p. 1900.

[151] Voir volume 17, chapitre VII, première partie, section E.
See Volume 17, Chapter VII, Part 1, Section E.

weapons. We cannot envisage a situation in which the Canadian Government's appreciation of the need to use defensive nuclear weapons against invading enemy bombers would differ from that of the United States Government. There may, however, be situations in a period of increased world tension when the United States desire to *exercise* SAC forces might not be shared by the Canadian Government. If, however, global war has begun, we would not envisage differing Canadian and United States appreciations.

Other Nuclear Weapons (Army and Navy)

12. So far as nuclear weapons to be used by our Brigade in Europe are concerned, we would see merit in Canadian Government agreement that custody of the weapons should remain with SACEUR. Similarly, it may not be difficult for the Canadian Government to agree that control of the use of these weapons would lie basically with the NATO Council. It may, however, be worth investigating more closely whether or not some specific agreement is required on this subject between the Canadian Government and the United States Government or between the Canadian Government and the host country. We do not know what formal arrangements in this respect the United Kingdom may be making with Germany but this question should be investigated.

13. So far as nuclear weapons for Canadian naval forces on the East coast are concerned, custody could remain with SACLANT and presumably, control of use could be covered again by NATO Council decisions. Our naval forces on the West coast, however, present a somewhat different problem. The CCOS suggested in Washington at the Meeting of Consultation that weapons might be assigned to these forces under the authority of CUSRPG. We find this suggestion difficult to understand since CUSRPG is not a command authority but simply a planning group. Since this is not an urgent matter, perhaps further discussions would clarify the question before any reference by Ministers is made to a possible CUSRPG function.

D.V. LEPAN

---

104. DEA/50030-K-2-40

Extrait du procès-verbal de la réunion du Comité sur les aspects économiques des questions de la défense

Extract from Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], December 3, 1958

. . .

I. PROBABLE AGENDA FOR CANADA-UNITED STATES MINISTERIAL MEETINGS IN PARIS

A. Problems Connected with the Acquisition and Control of Defensive Nuclear Weapons in Canada

1. *General Foulkes* said that in discussions with United States authorities at Washington in November, Canada had suggested that the arrangements for the storage and control of defensive nuclear weapons in Canada should be on the NATO pattern. Under these arrangements the custody of the air defence weapons would reside with CINCNORAD, and that of anti-submarine weapons with SACLANT. If nuclear weapons were later acquired for the RCN on the West Coast, their custody might be placed with the Canada-US Regional Planning Group. The United States authorities had seen no special difficulties about this sort of arrangement, but it had been indicated that the United States might be

willing to give Canada a greater degree of control over nuclear weapons to be used in the air defence of North America than over weapons for other purposes. For this reason, it was thought best for Canada and the United States to exchange an intergovernmental note in general terms authorizing detailed arrangements on the custody and control of use of the various defensive nuclear weapons to be worked out separately with the appropriate commanders. Such a procedure would also permit the arrangements for each of the various types of weapons to be worked out as the need arose, and when the problems concerning their control were better known. The exchange of a general intergovernmental note in the near future would meet the wishes of the Canadian Government to announce soon that negotiations on the acquisition of nuclear defensive weapons for the Canadian services were going forward.

2. The United States had also declared their willingness to interpret their legislation liberally enough to permit the training of RCAF personnel in the techniques of salvage after crashes involving nuclear material. A bilateral agreement on this subject could be prepared and the United States would submit any legislative changes that were necessary to Congress next year.

3. *Mr. Robertson* said it was important that the context in which recommendations on the acquisition of defensive nuclear weapons were being made should be clearly explained to Ministers. It was important to stress the belief of officials that the action being recommended was such that the custody and control of use of nuclear weapons would not be more easily spread to other national governments. Retention by the United States of the custody of these weapons was in the interest of Canada for this reason, and also because it would not make more difficult the execution of agreements on disarmament or disengagement that might be arrived at.

4. *Mr. LePan* added that the following statement of principles might be suggested to Ministers so that the recommendations that would be made would be seen in the proper context:

(a) Canada is concerned that there should not be a spreading of the control over nuclear weapons among national governments;

(b) Subject to this concern, Canada desires to have as much control as possible over the use of these weapons in Canada;

(c) Therefore, the use of nuclear weapons in or over Canada should be subject to joint decision. In the case of strategic weapons, this decision should be reached at the intergovernmental level; in the case of defensive weapons the decision could perhaps be delegated.

5. *General Foulkes* said he agreed with the first two of these principles, but that the third one was inappropriate for two reasons. The present recommendation dealt only with defensive weapons, and it was important to make clear that there was no question involved of the custody or control of use of strategic weapons. Secondly, there was no question of joint control over the use of the defensive weapons. Until the President of the United States authorized the release of the weapons to Canadian control, they were completely under the jurisdiction of the United States. After that authorization had been made, whether or not the weapons would be used was completely a Canadian decision.

6. *The Panel agreed*:

(a) that National Defence and External Affairs should agree upon a revision of the paper for Ministers to reflect the concern expressed by External Affairs that the recommendations on the acquisition of defensive nuclear weapons should be placed in the proper context;

(b) that a statement should be prepared on the acquisition by Canada of defensive nuclear weapons, which, after United States agreement had been obtained, might be made by the Canadian Government on return from the Canada-United States Ministerial Meetings in Paris.

B. Problems Connected with the Declaration by CINCNORAD of Increased States of Military Readiness

7. *The Panel* had for consideration a paper on the need for an interpretation of CINCNORAD's terms of reference as they applied to his authority to declare increased states of readiness.

(Document ED35-58 had been circulated).

8. *Mr. LePan* suggested that the interpretation of CINCNORAD's terms of reference which was given in para. 6 of the document should include the statement that in the case of heightened political tension, there should be political as well as military consultation prior to the declaration of an increased state of readiness.

9. *General Foulkes* agreed to this suggestion.

10. *The Panel* agreed that the brief on increased states of readiness for NORAD should go forward, as amended, to Ministers attending the Canada-United States Ministerial Meeting in Paris.

. . .

---

105. DEA/50309-A-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET [Ottawa], December 5, 1958

ACQUISITION AND CONTROL OF NUCLEAR WEAPONS

The ad hoc meeting of Ministers on December 6,[152] has been arranged to consider among other things the Canadian position on the acquisition and control of nuclear weapons to be discussed with the United States authorities at the first meeting of the Committee on Joint Defence which is to be held in Paris on December 15. The Department of National Defence will be submitting a paper which was considered in a preliminary way at a meeting of the defence panel this week.[153] I recommend that the attached paper be submitted from the Department together with a draft statement for possible use in the House of Commons which might form the basis of Ministerial discussion of this subject at the Paris meeting.

2. The Department of National Defence's paper outlines the military requirements for defensive nuclear weapons. Our paper sets out certain basic political considerations which are involved in the acquisition of these weapons and especially on the question of control of their use.

---

[152] On n'a trouvé aucun compte rendu de cette réunion.
No record of this meeting was located.

[153] Non retrouvé./Not located.

3. In summary, these considerations are — (a) The spread of nuclear weapons at the independent disposal of national governments should be limited insofar as it is possible. (b) The Canadian Government's move into this new field must be consistent with its stated position on full or partial disarmament. (c) Our arrangements with the United States should be in conformity but not necessarily identical with whatever pattern may emerge from the multilateral discussions now under way on this subject within NATO. (d) It is not likely to be possible for the Government to avoid giving some specific indications at the next Session of Parliament of the degree of its control over the use of any nuclear weapons which might be stored in Canada.

4. An ideal opportunity is offered by the Paris meeting to reach agreement with the United States authorities at a high level on the important matters of policy involved in order to enable the Canadian Government to make a statement of substance on the question early in the new Session of Parliament. If United States agreement can be obtained at the Paris meeting for a statement along the lines of the attachment, I think the Government's purposes would be served.[154]

5. On the question of control of use of nuclear weapons in the continental defence, the attached statement simply reflects the philosophy underlined in the North American Defence Command, namely that the responsibility for defensive operations by the Command rests jointly with the Canadian and United States Governments. This joint responsibility cannot fail to include responsibility for the use of nuclear weapons if that should become necessary.

6. The question of custody and control of the use of nuclear warheads which may be assigned to Canadian forces in Europe or under the command of SACLANT would not seem to raise difficulties. The Canadian Government's authority will be exercised in these instances through the appropriate organs of the North Atlantic Treaty Organization.

N.A. R[OBERTSON]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Procès-verbal de la réunion du Comité Canada–États-Unis sur la défense commune

Minutes of Meeting of Canada-United States Committee on Joint Defence

SECRET

ACQUISITION AND CONTROL OF DEFENSIVE NUCLEAR WEAPONS, PARIS, DECEMBER 15, 1958

Basic Considerations

The following would seem to be the basic political considerations which the Canadian Government would wish to bear in mind in dealing with the question of the acquisition and control of nuclear weapons for use by Canadian forces:

(a) It is in Canada's best interests to adhere to the principle of limiting the spread of nuclear weapons at the independent disposal of national Governments. It would not therefore seem to be in Canada's interest to seek to extract from United States, concessions on custody and control of nuclear weapons which would offer encouragement to the "nationalist" sentiment existing among some of our NATO allies on this question.

---

[154] Consulter la section H de cette partie pour les documents relatifs à la discussion des armes nucléaires qui s'est tenue à la réunion du Comité ministériel Canada–États-Unis de la défense, à Paris, le 15 décembre 1958.

See Section H of this Part for documents relating to the discussion of nuclear weapons at the December 15, 1958 meeting of the Canada-United States Ministerial Committee on Defence in Paris.

(b) The acquisition of nuclear weapons will have to be related to the Government's stated position on disarmament in the broadest sense, on arctic zones of inspection in particular and on the limitation of the spread of capability to manufacture nuclear weapons. In the circumstances, the need for acquiring nuclear weapons might be presented as a deplorable necessity in the face of present Soviet intransigence.

(c) While the technical aspects of the air defence problems of North America may be somewhat different from those arising in Europe, it may be more acceptable to make special arrangements with the United States under the general umbrella of Canada's NATO commitments. However, there may be disadvantages, as the United States authorities have suggested, in tying Canada-United States arrangements too closely to NATO procedures. The "NATO procedures" are still under negotiation. France has not accepted United States proposals; their application to the United Kingdom may well be marked by special features. In the circumstances, it might therefore be unfortunate if in Canadian statements the NATO analogy were stressed unduly.

(d) It is not likely to be possible for the Government to avoid giving some specific indication at the next Session of Parliament of the degree of Canadian Government control over the use of any nuclear weapons which might be stored in Canada. It will be important therefore to seek settlement on the major matters of policy with United States as a matter of some urgency.

Recommendations

2. With these considerations in mind, we would recommend:

(a) that the Government agree that custody of atomic warheads stored in Canada should remain in United States hands until they are released by the President of the United States and

(b) that agreement be reached with the United States Government that the question of control of use of these weapons should be dealt with in public statements under a formula reflecting the joint responsibility shared by the two Governments.

3. There is attached the draft of a statement for possible use in the House of Commons on the subject which reflects the substance of the recommendations outlined above. It is suggested that an effort should be made at the Paris Meeting to gain United States agreement to the statement along the lines of the attachment.

The Control of Nuclear Air Defence Weapons

4. There are two aspects to the problem — one operational and the other political. It is sound military logic that under enemy attack the best available defensive weapons should be used with an absolute minimum of delay in accordance with operational plans. On the other hand, the effect of nuclear weapons is such that the sanction of responsible political authority for their use should be mandatory except in extreme circumstances, e.g., the enemy overhead without advance warning. Furthermore, nuclear weapons still have a special significance in the eyes of the public. It is for this reason that we recommend that agreement be sought with the United States Government for a suitable political formula reflecting the joint responsibility of the two Governments of the use of these weapons in continental defence.

5. It could be understood, however, that in an emergency (air defence warning "yellow" or "red" perhaps) the Canadian Government's exercise of control would be delegated to

the relevant Canadian Commander, perhaps the Air Officer Commanding, RCAF Air Defence Command, who would give immediate notification to the Government through the Canadian Chiefs of Staff. The Government has already taken a position on such an emergency situation. Speaking in the House of Commons on December 5, the Minister of National Defence said in part — "Consequently, the exercise of this authority (the interception and destruction of enemy bombers over Canadian territory) under Government-approved procedures can safely be delegated to NORAD without fear that any defensive action taken would in itself initiate war ... every precaution has been taken and will continue to be taken to ensure that the Canadian Government is consulted before any act is undertaken which would commit this country to war." There is a suggestion in the Minister's statement that it might be possible even after an attack had been launched on North America to somehow limit the scope of the ensuing conflict.

6. The substance behind the public position of joint decision responsibility as noted above, would lie not only in the NORAD Agreement but also in the recently concluded agreement with the United States on consultation in situations where either Government deems it necessary to declare a national alert involving the civilian population. It has been agreed that there will be consultation through both diplomatic and military channels preceding the institution of alert measures except in specified "extreme circumstances." This formula would cover as well the use of weapons based in the United States but firing nuclear warheads into Canadian air space.

Strategic Weapons

7. We cannot envisage a situation in which the Canadian Government's appreciation of the need to use defensive nuclear weapons against invading enemy bombers would differ from that of the United States Government. There would, however, be situations in a period of increased world tension when the United States desire to exercise SAC forces may not be shared by the Canadian Government.

8. If the Government agrees that nuclear weapons for SAC use might be stored at Goose Bay, we do not think it unreasonable to suggest that use of these weapons from Canadian territory should also be subject to the joint decision of the two Governments. Under the overflight procedures agreed to in 1951, the United States has agreed to consult the Canadian Government and seek authorization for the overflight of Canada by SAC bombers proceeding on a strike mission. We see no reason why we should anticipate that the United States would seek to be freed from this commitment.

9. Because of the distinction between the use of defensive nuclear weapons and the use of strategic nuclear weapons, it would not seem likely that the Government would wish to delegate its responsibility in the latter field, as it may be prepared to do in the former. In the circumstances, there may be merit however in some formal reaffirmation of the 1951 overflight agreement at the time that arrangements are made for the storage of SAC weapons at Goose Bay.

Other Nuclear Weapons (Army and Navy)

10. So far as nuclear weapons to be used by our Brigade in Europe are concerned, we would see merit in Canadian Government agreement that custody of the weapons should remain with SACEUR. Similarly, it may not be difficult for the Canadian Government to agree that control of the use of these weapons would lie basically with the NATO Council. It may, however, be worth investigating more closely whether or not some specific agreement is required on this subject between the Canadian Government and the United States Government or between the Canadian Government and the host country. We do not know

what formal arrangements in this respect the United Kingdom may be making with Germany but this question should be investigated.

11. So far as nuclear weapons for Canadian naval forces on the East coast are concerned, custody could remain with SACLANT and presumably, control of use could be covered again by NATO Council decisions. Our naval forces on the West coast present a somewhat different problem and further consideration is required. There is no particular urgency in settling this question.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Projet de note

Draft statement

SECRET [Ottawa], December 5, 1958

DRAFT STATEMENT REGARDING THE ACQUISITION AND CONTROL OF NUCLEAR WEAPONS FOR POSSIBLE USE IN THE HOUSE OF COMMONS

Last Fall the Government announced its intention to introduce the BOMARC ground-to-air missile into the Canadian air defence system and to equip the Canadian Brigade in Europe with the Lacrosse ground-to-ground missile.

2. The Government's decision to acquire these modern weapons for use by the Canadian forces was based on its appreciation, in the light of the best expert advice available, of the need to strengthen our air defence in the face of the threat to this continent and on its determination to continue a full and effective contribution to the NATO shield. Consideration is being given as well to other modern weapons which may be required for air defence or for anti-submarine purposes.

3. The full potential of these defensive weapons is achieved only when they are armed with nuclear warheads. The Government, is therefore, examining with the United States Government questions connected with the acquisition of certain defensive nuclear warheads for use by the Canadian forces in Canada and the stock-piling of these warheads in Canada. The problems connected with the arming of our Brigade in Europe with[155] nuclear weapons[156] are also being considered.

4. We foresee no difficulties in reaching formal agreement on satisfactory means to serve our common objective. At an appropriate time the Government will table the terms of understanding which are reached between the two Governments on this subject, thus providing an opportunity to discuss the details of that understanding insofar as it is possible within the bounds of required security.

5. I wish at this time, however, to give the House an indication of certain basic considerations in the Government's thinking on the question of the acquisition and control of nuclear weapons.

6. The first important consideration is the Government's firm belief of the importance of limiting the spread of nuclear weapons at the independent disposal of national governments. The Secretary of State for External Affairs said in the External Affairs Committee on July 29, last, "It takes but little imagination to envisage the dangers of a situation where

---

[155] Note marginale :/Marginal note:
short range [Sidney Smith]

[156] Note marginale :/Marginal note:
For the NATO defence task [Sidney Smith]

the know-how with respect to nuclear weapons and the manufacture of nuclear weapons were disseminated in many countries of the world." The prospect of such dissemination continues to be a matter of fundamental concern to the Government.

7. The second consideration is the Government's determination to leave no avenue unexplored in the search for an acceptable agreement on disarmament with the Soviet Union, even though, reluctantly, we must admit the need for more modern defensive weapons in view of the present Soviet policies in the field of new weapons. We will not lose sight of our objective of disarmament. If that objective is capable of only partial realization, as for example in agreed zones of inspection in the Arctic, or agreed measures to guard against surprise attack, our eager support can be counted on. We cannot, however, in the meantime, minimize the importance of providing the strongest deterrence to war.

8. The third consideration is the Government's commitments to strengthen the collective security of the NATO alliance. Whether our effort is made directly in continental defence — the defence of the Canada-United States Region of NATO — or whether it is made on the Continent of Europe, it will be coordinated with the efforts of our NATO partners.

9. The Canadian and United States Governments have assumed joint responsibility for the defence of the continent. The establishment of the North American Air Defence Command is the most concrete evidence of their recognition of that responsibility. Within this framework, however, both Governments have recognized that the effect of the use of nuclear weapons is such as to require special consideration. The Canadian Government will of course join with the United States Government in exercising responsibility for the defensive operations of the North American Air Defence Command, including the use of these special weapons if that should become necessary. On the other hand, the Government believes it to be in Canada's best interest that the responsibility for custody and release of the nuclear warheads for these defensive weapons should remain with the United States Government.[157] The Canadian Government's interpretation of the common responsibility for the air defence of the continent is shared by the United States Government.

10. Insofar as the custody, and control of the use, of the nuclear warheads which may be assigned to Canadian forces operating in other NATO areas is concerned, suitable arrangements will be made in consultation with the NATO authorities in conformity with whatever pattern may emerge from the multilateral discussions now under way within the North Atlantic Treaty Organization.

---

[157] Note marginale :/Marginal note:
? [Sidney Smith]

SECTION B

ENQUÊTES DU CONGRÈS SUR LA SÉCURITÉ
CONGRESSIONAL SECURITY INVESTIGATIONS

106. DEA/50303-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], July 24, 1957

EXCHANGE OF SECURITY INFORMATION WITH THE UNITED STATES

Considerable thought has been given at the official level in Ottawa to the courses of action that would be open to us, should the United States reply to our note of April 10[158] on this subject, when it arrives, fail to provide the assurance we have requested of the United States Government, "that none of its agencies or departments will pass such information to any committee, body or organization in the United States over which the executive branch of the United States Government has no executive control without the express consent of the Canadian Government in each case." You will remember that our April 10 note went on to say that, were such an assurance not given, "the Canadian Government must reserve the right in future not to supply security information concerning Canadian citizens to any United States Government agency." Our problem will be twofold — what to do if the United States reply is unsatisfactory, and what to say to the Canadian public about it — because the State Department will undoubtedly publish their reply within a day or two of its delivery.

2. It is relevant to this problem that when Mr. Heeney presented this note he explained, on instructions, "that although we had found it necessary to take this step, we had no desire to upset the long-standing and friendly relations between the FBI and the RCMP, nor the new and satisfactory arrangements between the United States Immigration and Naturalization Service and the RCMP, to both of which we attached importance. Further, we considered it important in our joint interest to maintain this close co-operation in the security field, as in other fields." (I submitted a memorandum to you on July 23† on the subject of the new arrangement between the RCMP and the INS).

3. The RCMP have been passing security information about Canadian citizens to agencies of the United States Government in the following categories of cases (some Canadians, of course, are affected under more than one category):

(a) Canadians applying for employment by the United States Government in sensitive positions either in the United States (information passed to the FBI) or at United States bases in Canada;

(b) Canadians applying for immigration visas to enter the United States (information passed to the United States Immigration and Naturalization Service);

(c) Canadians with a subversive record, where United States interests are involved, e.g. Canadian Communists visiting the United States (information passed to the FBI); and

---

[158] Voir volume 23, les documents 62 et 65./See Volume 23, Documents 62 and 65.

(d) Canadians engaging in espionage, where United States interests are involved (information passed to the FBI).

4. In addition, of course, the RCMP when required pass security information about United States citizens resident in Canada.

5. Over the past few years the RCMP have exercised a more rigid control over the individual items of information sent to United States agencies than used to be the case. It is important to note also that in return for the information they supply the RCMP receive from the FBI an enormous amount of security information about Canadians, and about United States citizens where Canadian interests are involved, in all four categories listed in paragraph 3 above. The RCMP consider that in category (a) they get much more than they give, because there are far more Canadians with a record of residence in the United States seeking sensitive employment in Canada than there are Canadians seeking such employment in the United States or at United States bases in Canada. In category (b), again, we get at least as much as we give, and perhaps more. While it is true that more Canadians emigrate to the United States than vice versa, the return here lies in the assistance given by United States consular authorities in Europe and South America to the RCMP immigration screening programme. In categories (c) and (d) the RCMP get quite as much from the FBI as they give.

6. Should the United States note prove unsatisfactory, and should the Canadian Government decide to implement its threat to withhold security information from United States agencies, the following courses of action appear to be open to us:

(a) The RCMP could be instructed to pass no information whatever in any of the categories listed in paragraph 3;

(b) They could be instructed to pass information in some categories and not in others;

(c) They could be instructed to pass less information in all categories, e.g. make a simple statement of fact such as "so-and-so is not clear for security," or "so-and-so is a member of the Communist party," without adding any further details of the case;

(d) They could be instructed to pass information to one United States agency, e.g. to the FBI, and not to the others — the United States agency selected could be requested, and if it were the FBI it would probably comply with such a request, to keep the information for its own use;

(e) Some other agency could be found or set up to screen RCMP information before it is passed to United States agencies, either by establishing suitable criteria or by actually examining each case.

7. All the foregoing courses of action, which are the only ones which have been suggested to me so far, seem dangerous or at least unhelpful. My criticisms of each course of action;

(a) If the RCMP pass no information whatever we run the risk that Canadians will be denied sensitive employment in the United States and at United States bases in Canada; they will encounter serious difficulties if they wish to emigrate to the United States; subversive and espionage agents will have a field day; the interested United States agencies will seek security information about Canadians through devious and unreliable channels; United States confidence in our security arrangements will decline, and the flow of classified United States information to Canada will dwindle;

(b) If they passed no information in selected categories the damage would be limited to that category initially but would have a generally bad effect before long;

(c) If they passed only a bare statement in security cases, without any supporting information, in many important cases it would be as unsatisfactory to the United States agencies as if they passed no information whatever, and in those cases at least there could be the same unfortunate consequences;

(d) If they passed information only to the FBI, and perhaps to the INS, the dangerous consequences of courses (a), (b) and (c) would be avoided to a great extent; it is unlikely, however, that the Canadian public would consider that this represented any tightening up at all, as the danger of leaks from the FBI and the INS could not be entirely ruled out;

(e) The suggestion that some other agency could screen the flow of RCMP information, case by case, appears to reflect on the RCMP, whose experience after all makes them the best judge of what should and what should not be passed in particular cases; would impose intolerable delays in the processing of vetting and immigration cases; and would probably completely inhibit an effective co-operation between the RCMP and the FBI in operations against subversives and spies.

8. In view of the difficulties attending each of these more obvious courses of action, it seems to me that the Canadian Government would be unwise to take any immediate action affecting our relations with the United States in the security field, in the event that their note is found unsatisfactory. I recommend instead that in such a case it should refer the question to an *ad hoc* committee for study. I suggest that such a committee should be chaired by the Secretary to Cabinet, and that the Commissioner of the RCMP and the Legal Adviser of this Department be asked to attend, with such technical advisers as they wish to have. At this stage I could not predict what sort of recommendation such a committee would find it possible to make. It seems likely, however, that it could reexamine the criteria used by the RCMP in determining whether or not to pass information, the extent to which details should be supplied in the various categories of cases, the choice of United States agencies to which to pass information, and the conditions under which it should be passed to them. It could submit for this Government's approval a draft policy directive to the RCMP covering all those points. I understand that the RCMP would in fact welcome such general policy guidance. I should not be surprised if the committee found it necessary in this connection to recommend an increase in the RCMP establishment, if the procedure for passing security information to the United States were to be effectively tightened up.

9. If, as we expect, the State Department makes its reply public, and the Canadian Government is called upon to comment, I further recommend that it would be wise to conform any statement to the following points:

(a) noting with a degree of satisfaction appropriate to whatever degree of assurance the United States note contains that Canadian interests will be protected;

(b) stating that on preliminary examination the Canadian Government considers that effective improvements have in fact been made in this field in recent years, with due regard for the need to avoid hampering the proper discharge of the duties and responsibilities of the Canadian and United States security services (my memorandum to you of July 23 on the relations between the RCMP and the INS is relevant in this connection); and

(c) explaining that the Government intends to give further study to the problem dealt with in the United States note.

J.W. HOLMES
for Under-Secretary of State
for External Affairs

107. DEA/50303-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1754 Washington, August 13, 1957

CONFIDENTIAL. OPIMMEDIATE.
For Acting Under-Secretary
Reference: Our Tel 1745 Aug 12.†

EXCHANGE OF SECURITY INFORMATION: CANADA-USA

Although the USA reply will not, repeat not, be handed to us formally until four p.m. today, an advance copy has been made available to us on an informal and confidential basis which you will wish to have for study as quickly as possible. We will inform you when the Note is formally received late today.

2. We understand that State Department are likely to propose the issuance of this reply to the press for noon tomorrow, August 14, if this is acceptable to you. So far as this Embassy is concerned, we would propose to make no comment on the substance of the note on receipt of the formal reply from the State Department, although it may be necessary to indicate in reply to enquiries that the reply has been received. On the assumption that you agree to publication of the Note, you may agree that perhaps the best line to take would be to welcome the receipt of the reply when it is made public and indicate that it would be carefully studied by Cabinet before any further comment is made. This, it seems to us here, would help to avoid the possibility of conflicting public statements, and to indicate the collective responsibility of Cabinet in this field affecting the exchange of security information.

3. Text of the advance copy of the Note follows, Begins:

Excellency:

I have the honor to refer to the Embassy's Note No. 195 of April 10, which expresses the concern of the Canadian Government with reference to the handling of security information relating to Canadian citizens. The Department of State sent an interim reply to the Embassy on April 18.[159]

The Embassy's Note requests the cooperation of the USA Government in cases where the names of Canadian citizens appear in evidence before investigating committees. The view of your Government was made known to the appropriate members of the USA Congress, at which time the Department of State emphasized the great importance the USA attaches to maintaining the friendliest relations with the Government of Canada. I wish to assure you that this sentiment is wholeheartedly entertained by the Congress.

On a separate point your note requests that, in the reciprocal exchange of security information between agencies of the two governments, the USA Government give its assurance that none of its agencies or departments will pass such information concerning Canadian citizens, received from Canadian sources, to any committee, body or organization in the USA over which the executive branch of the USA has no control, without the express consent of the Canadian Government in each case. The procedures which have been followed by the security agencies of my Government in the past and which they will continue to follow in the future, including the handling of information received from Canadian sources, are consistent with the assurances you seek. These agencies operate under a directive which provides that any agency receiving information from another may not transmit such information outside its own organization without the consent of the originating agency. Further it is my understanding that, in addition to the above directive governing dissemination of information by executive agencies of my Government, the security agencies of Canada and the USA which exchange information abide by the restrictions imposed by the sender upon the user as they relate to further dissemination.

---

[159] Voir/See United States, Department of State *Bulletin*, Volume XXXVII, No. 949, September 2, 1957, p. 389.

It is reassuring to note that the Canadian Government continues to share the conviction of my Government that this reciprocal exchange of information has assisted substantially in maintaining the security of our two countries. This is one of the many fields in which continued cooperation has been amply demonstrated in the past and which is so clearly in our mutual interest in the future. As has been the practice in the past, the two governments will continue to consult concerning mutually satisfactory arrangements covering the exchange of information between them.

Accept, Excellency, the renewed assurances of my highest consideration. Text Ends.[160]

[N.A.] ROBERTSON

---

108. DEA/50303-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le premier ministre

Memorandum from Assistant Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL Ottawa, August 13, 1957

EXCHANGE OF SECURITY INFORMATION: CANADA-U.S.A.

Attached is an advance draft of a telegram we have received from the Embassy in Washington. This telegram contains the text of an advance copy of the note which Mr. Robertson will receive this afternoon together with some comments on the note. On first glance the note appears to be in general along the lines expected. However, we are studying it carefully and will let you have further comments.

The most urgent question is that of publication. The Embassy expects that the State Department will wish to issue this reply to the press before noon tomorrow. When I was talking with the Embassy on the phone I thought that it might be postponed a few hours but that there was the danger that it would leak if the issuance did not take place fairly soon. When it is issued you will undoubtedly be asked to comment. We would recommend for your consideration Mr. Robertson's suggestion that the best line to take would be to express some satisfaction that the reply had been received and then to indicate that it would be studied by Cabinet before any further comment would be made. I will let you know immediately we receive further word from Mr. Robertson that the message has been delivered.[161]

---

[160] Note marginale :/Marginal note:

referred to PM under cover of memo from A/USSEA

referred to Mr. Bryce and Commissioner RCMP under cover of letter from A/USSEA & file G. H. S[outham] DL (2) Aug 13.

J.W. H[OLMES]

[PIÈCE JOINTE/ENCLOSURE]

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1763 Washington, August 13, 1957

CONFIDENTIAL. OPIMMEDIATE.
For Acting Under-Secretary
Reference: Our Tel. 1754 of August 13, 1957.

EXCHANGE OF SECURITY INFORMATION: CANADA-USA

Robert Murphy received me at 4 p.m. today, and handed me the State Department's reply to the Embassy's note of April 10 with regard to the handling of security information relating to Canadian citizens. Murphy explained the delay, following the despatch of the State Department's interim reply of April 18, on the grounds that it had been necessary to consult all the interested agencies and departments concerned in this field. He indicated also that the members of Congress particularly concerned are being apprised in confidence of the substance of the State Department's reply, and he added that Congress was fully aware of the concern with which this whole issue had been viewed by the Canadian Government. It was clearly his hope that the State Department reply would mark the end of this protracted and difficult problem.

2. With respect to publication of the text of the note, copy of which is identical to that transmitted in my telegram under reference, with only the difference that the formal communication is signed by Murphy "For the Acting Secretary of State," he originally proposed that, subject to our convenience, it might be issued tomorrow, August 14. Since I thought that you might welcome some additional time in which to study the communication prior to publication, I proposed and Murphy agreed that the note might be jointly released in Washington and Ottawa at noon, August 15. Please confirm if this release date is satisfactory. Murphy indicated that it was the hope of the United States authorities that the ensuing publicity could be kept to a minimum.

[N.A.] ROBERTSON

---

[161] Note marginale :/Marginal note:

Mr. Wainman-Wood reported that the P.M. had said he would comment in a way not necessarily the same as that suggested but probably along these lines. He did not want to hold up the release. J.W. H[olmes] 13.8.57 — 5.45 p.m.

109.

DEA/50303-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM G-214

Ottawa, August 15, 1957

OPIMMEDIATE

Reference: Your telegram No. 1754 of August 13; Robertson-Bryce telephone conversation of August 15.

EXCHANGE OF SECURITY INFORMATION CANADA-USA

The Prime Minister's office is issuing to the press immediately the following statement:[162] Begins:

When asked to comment upon the US Note published today concerning exchange of security information, Mr. Diefenbaker noted that the views expressed in the Canadian Note of April ten on this subject had been passed on to Congress and said that his general impression was that while the US Note was not explicit, it seems evident that the directive given US agencies concerning their procedures in handling security information is consistent in substance with the assurance Canada has sought.

He added that his government would study with care the statements given in the US Note concerning the procedures for safeguarding security information from Canadian sources as well as from others, and welcomed the US suggestion for continuing consultations concerning these security arrangements. He reciprocated the sentiments expressed in the Note on behalf of the Executive and Congress as to the vital need of maintaining the friendliest relations between the two countries. Ends.

110.

DEA/50303-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour la 2ième Direction de liaison avec la Défense

Memorandum from Assistant Under-Secretary of State for External Affairs
to Defence Liaison (2) Division

CONFIDENTIAL

[Ottawa], August 19, 1957

U.S. NOTE ON SECURITY INFORMATION

Mr. Robertson spoke to me on the telephone before leaving Washington on Friday for his vacation. He wanted to let me know that he thought the Prime Minister's statement on the U.S. note was very good. He thought it had created the right impression in the States. Mr. Robertson was quite pleased also with the way in which the American note had been reported in the American papers he had seen so far. He particularly mentioned the *New York Times* story[163] which emphasized the fact that the United States was in the note seeking to give Canada the assurances it wanted. He said that it was the strong view of himself and the rest of the Embassy that the moral of this kind of publicity was that we could rest on the note as it stands and the Prime Minister's statement. He said that both Mr. Rae and Mr. Farquharson who had been in Washington during the early stages were personally of the view that there was no advantage in replying to this note and he himself agreed with them. When I mentioned that the Prime Minister was at that moment inclined in the same way he expressed gratification. I said that there were some arguments being considered here for sending a reply but I said that I would convey his views to you.

---

[162] Cette déclaration a été diffusée le 16 août 1957.
This statement was released on August 16, 1957.

[163] Voir/See *New York Times*, August 19, 1957, p. 14.

J.W. H[OLMES]

---

111. DEA/50303-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 20, 1957

EXCHANGE OF SECURITY INFORMATION WITH THE UNITED STATES

I return herewith the draft of a note which we might send to the United States Government in reply to their note of August 13 on this subject. One change has been made in the draft since you saw it last Thursday evening. Instead of the second paragraph ending "and will be followed in future", it now reads "and will continue to be followed in future". This seems a more accurate version of the United States note on the point in question.

You have requested my views as to whether we need reply at all to the United States note. Mr. Robertson has suggested to us that the exchange might well be terminated by the public statement you made last Thursday. It is certainly in our interest, as well as in the interest of the United States, to bring this exchange to an early close for the sake of good relations generally, and particularly in this important and delicate matter of exchanging security information.

However, the officials who drafted both your statement and this proposed note consider, after taking full account of Mr. Robertson's views, that a reply to the United States note ought nevertheless to be sent for the following reasons:

(a) It is a fact that the United States note does not (perhaps it could not) give us the explicit assurances requested by our note of April 10. Although we are prepared to accept the United States note, for the sake of the record it ought to be made clear that we are doing so because we trust and rely on such assurances as they have now given us, and not because we consider that these assurances are the ones we sought.

(b) One reason that we are prepared to trust and rely on their assurances is that in fact effective improvements have been made in our exchange procedures in recent years (my memorandum to you of July 23† on the relations between the RCMP and the INS is relevant in this connection), and we think that this fact also should be placed on the record as it is in the third paragraph of our draft note. You will notice that the United States note speaks only of the adequacy of their existing procedures, without admitting the obvious fact that they broke down badly in the Norman case.

(c) We attach some importance to the United States offer to continue with consultations concerning security procedures. Indeed it was at our suggestion that this point was made in their note. It would therefore seem wise to stress this point also for the record.

On balance I would recommend that we reply to the United States note along the lines of the attached draft. I see less reason, however, for making our reply public, at least at the time of delivery. Mr. Bryce, who has seen this memorandum in draft, and who joins me in recommending that we reply as proposed, considers that our reply ought to be tabled when Parliament meets.

May I please have your instructions?[164]

J.W. H[OLMES]

[PIÈCE JOINTE/ENCLOSURE]

Projet de lettre de l'ambassadeur aux États-Unis pour le secrétaire d'État des États-Unis

Draft Letter from Ambassador in United States to Secretary of State of United States

CONFIDENTIAL

Excellency,

I have the honour to refer to your Note of August 13 regarding the handling by the United States Government of security information relating to Canadian citizens. I am instructed to state that my Government greatly appreciates your action in conveying its views on this subject, as contained in its Note of April 10, to the United States Congress. In view of the friendly sentiments expressed in this connection by the Congress my Government trusts that in future should the names of Canadian citizens appear in evidence before Congressional investigating committees, these names will, as we suggested, be sent in confidence to my Government so that the allegations can be investigated and dealt with in Canada.

My Government notes with satisfaction your statement about the directive applying to each of your security agencies which requires that security information it receives from others may only be transmitted outside that agency with the consent of the agency providing the information, and your statement that the related procedures apply to Canadian information and will continue to be followed in future. While my Government would have welcomed a more explicit assurance, it relies upon your statement that the directive and the procedures you mention are consistent in substance with the assurance sought in the Canadian note.

My Government is aware of the fact that effective improvements have been made in recent years in the procedures for the reciprocal exchange of security information between agencies of our two Governments, and notes with satisfaction that the United States Government is willing to continue with consultations concerning these procedures.

Accept, Excellency, the renewed assurances of my highest consideration.

---

[164] Notes marginales :/Marginal notes:

PM wishes to let matter ride and not send the reply. T. W[ainman] W[ood]

Letters conveying PM's decision sent to Mr. Bryce, Commissioner Nicholson & Washington Embassy & file G.H. S[outham] DL (2) August 29.

112. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 15, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trace and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

U.S. SENATE INTERNAL SECURITY SUB-COMMITTEE; DISCLOSURES

5. *The Prime Minister* referred to the statement made in the House the previous day by the Secretary of State for External Affairs,[165] in reply to a question from a member of the opposition, concerning a further report by the U.S. Senate Internal Security Sub-Committee on the Norman case. According to press accounts this report,[166] which had been released Tuesday evening, mentioned the name of Mr. R.B. Bryce. In his statement, Mr. Smith had referred to a note of last August in which the United States had promised that, should the names of Canadian citizens appear in future in evidence before congressional investigating committees, these names would be sent in confidence to the Canadian government for investigation in Canada if necessary. This had not been done with reference to Mr. Bryce.

Mr. Bryce had informed him last August that his name had come up in evidence before the U.S. security committee. Mr. Bryce had explained that he had met Norman at Cambridge University and had later introduced him to a Japanese student named Tsuru at Harvard University. Mr. Bryce had attended several study groups while in Harvard and on one occasion had given a talk on U.S. agriculture to a study group on Marxist economics. Mr. Bryce had shown him the notes which he had used for this talk.

---

[165] Voir Canada, Chambres des Communes, *Débats*, 1958, volume I, pp. 65 et 66.
See Canada, House of Commons, *Debates*, 1958, Volume I, pp. 63-64.

[166] Voir comme exemple, le *Globe & Mail*, May 14, 1958, p. 1.
See, for example, the *Globe & Mail*, May 14, 1958, p. 1.

Mr. Diefenbaker was convinced in his own mind that there was nothing whatsoever in Mr. Bryce's talk or indeed in the latest report of the Senate Internal Security Sub-Committee that would indicate in any way participation in communist activities on his part. The report contained no particular allegation detrimental to Mr. Bryce. The latter had told him a week ago that the Senate sub-committee would release its report in the next few days.

He thought that greater emphasis was being placed on the matter than was necessary. There was no need to blow it up. Referring to the revival of the Norman case by the U.S. sub-committee, he raised the question as to how much further the Canadian government should go in this particular matter.

6. *The Secretary of State for External Affairs* said that a message had been sent to the Canadian Ambassador in Washington† instructing him to make an immediate protest to the U.S. government. He wondered whether, in view of the additional occurrence of ex parte proceedings leaving behind innuendos against Canadian citizens, additional representations should not be made. He confirmed that the embassy in Washington had received no prior information from U.S. sources that the name of Mr. Bryce would come up in the latest security report of the Senate committee. Minifie, Canadian correspondent in Washington, had shown the embassy a copy of the document which was to be made public.

7. *During the discussion* the following points were raised:

(a) The U.S. document issued Tuesday contained nothing detrimental to Mr. Bryce and it was felt that the matter should be dropped. There would appear to be no use introducing a defence when no defence was necessary. Silence was preferable unless silence was likely to be damaging. It should be noted that, in this case, the U.S. Senate Committee had confined itself to information obtained in the United States by U.S. security services.

(b) The special 3,000 word report made available Wednesday night was an attempt at a defence on the part of the committee concerning criticisms of its activities in the Norman case. It contained no reference to Mr. Bryce.

(c) The government was not on the same strong ground in the Norman case and could not attack the U.S. committee for using information which they had obtained from Canada. This particular matter should also be dropped unless it was raised in the House of Commons, in which case no statements would be made except by the Prime Minister.

(d) The constitutional system of the United States did not allow the executive government to exercise much control over the actions of Congress. There was no point in the Canadian government getting into a controversy with the U.S. Congress.

8. *The Cabinet* noted the reports of the Prime Minister and of the Secretary of State for External Affairs on the latest report of the U.S. Senate Internal Security Sub-Committee concerning Mr. Bryce and their statements that the sub-committee's report did not indicate in any way participation in communist activities on Mr. Bryce's part, and agreed that no further reference be made to the matter and nothing be added to the statement of the Secretary of State for External Affairs of the previous day unless the matter was raised in the House of Commons, in which case the Prime Minister would make whatever statement was necessary.

. . .

SECTION C

ALERTES
ALERTS

113. DEA/50219-AE-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1426 Washington, June 21, 1957

TOP SECRET. PRIORITY.
For Under-Secretary
Reference: Our Tel 1286 Jun 4.†

ALERTS

Nugent of the Canadian Desk has transmitted to us copy of a draft reply to Mr. Heeney's letter of March 1/57,[167] to Mr. Robert Murphy, on the subject of consultation on alerts. In doing so, he has indicated that the draft reply has been approved by the President. From the procedure which has been followed, we take it that this is by way of an advance notification of the reply we may expect shortly to receive formally from the State Department.

Text of reply begins:

Dear Mr. Ambassador:

I refer to Ambassador Heeney's letter dated May 14/56,[168] to Mr. Murphy's letter dated December 4/56,[169] and to Ambassador Heeney's letter dated March 1/57, concerning the proposal that Canada and the USA should consult when either government concludes that alert measures are necessary or desirable to both countries. It was further proposed that such consultation would take place both through diplomatic channels and through military channels at the respective chiefs of staff level.

It is my understanding that the consultation under consideration pertains to initiation of alert measures brought about by the declaration of a national emergency, or a nation-wide civil defense emergency. Further, the alert measures which we are concerned with in this proposal are those measures leading not only to the alerting of all branches of the armed forces but also to action which would affect the populace of the nation as a whole. They would not include those partial or limited measures such as increased conditions of operational readiness which do not involve or directly influence the population at large.

It is my further understanding that the consultation through military channels will be conducted at the level of the USA Joint Chiefs of Staff and the Canadian Chiefs of Staff Committee rather than at some lower command level, and that such consultation may be accomplished through the chairman, a member, or a designated representative of each body. This, of course, would not preclude command consultation and liaison at subordinate military echelons in the accomplishment of their mutual defense tasks.

---

[167] Voir/See Volume 23, Documents 91-92.
[168] Voir/See Volume 23, Document 83.
[169] Voir/See Volume 23, Document 84.

With these considerations in mind, my government concurs in the statement of understanding set forth in subparagraphs (1), (2) and (3) of the second paragraph of your Embassy's letter dated March 1, 1957 as follows:

(1) In a situation in which either government concludes that alert measures are necessary or desirable, both in the USA and Canada, the two governments agree to consult through the diplomatic channel and through the respective Chiefs of Staff of the two countries. Such consultation will precede the institution of alert measures by either government except in the following extreme circumstances: if either government considers an attack on North America to be imminent or probable in a matter of hours rather than days, consultation might, of necessity, coincide with or even follow the institution of separate alert measures by either government. If either government is impelled by the time factor to take alert measures before initiating consultation, it agrees immediately to inform the other government of the action taken and to consult with the other government as soon as possible.

(2) In any case, the freedom of action of either government to take appropriate measures for its own defense or that of other treaty partners shall remain unaffected.

(3) If either government considers more detailed arrangements necessary, either government is free to make further proposals.

These arrangements will support other existing bilateral arrangements between our two governments and will supplement, not displace, agreed NATO procedures dealing with alerts and warning of attack.

My government agrees that the correspondence consisting of Ambassador Heeney's letter dated May 14/56, Mr. Murphy's letter dated December 4/56, Ambassador Heeney's letter dated March 1/57, and my present letter should constitute an agreement between our two governments on this subject, effective today.

Yours sincerely, John Foster Dulles. Text Ends.

---

114. DEA/50219-AE-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-574 Ottawa, June 28, 1957

TOP SECRET. OPIMMEDIATE.
Reference: Your Tel 1426 Jun 21.

CONSULTATION ON ALERTS

We are disturbed by the wording of paragraph 2 of the draft USA reply, which seems to imply that consultation would take place so late in the chain of events leading to war or a state of national emergency as to amount practically to a post-mortem. One of the difficulties is that the two countries do not have identical systems of alerts or identical legislation for declaring a national emergency. It therefore seems to us fruitless and positively confusing to attempt the sort of definition contained in paragraph 2 of the draft. We would have thought that the wording of paragraph 2 of Mr. Heeney's letter of March 1 adequately covered the possible eventualities. What we are striving for is consultation between governments as soon as the intelligence obtained, exchanged, and assessed under the Bilateral Intelligence Agreement gives indications of attack against North America originating outside the Continental Air Defence System so that neither government will initiate an alert without consultation. In other words, every possible step should be taken to ensure that one partner's defence measures do not automatically implicate the other partner without prior consultation at governmental level. For example, to omit consultation, as suggested in the USA draft where all armed forces are alerted, would not be acceptable to us, since our Air Defence Command would automatically be involved.

2. We would like paragraph 2 of the USA draft to be reworded or even omitted. Would you please discuss our misgiving with the State Department and at the same time endeavour to have the delivery or Mr. Dulles' formal reply postponed until the present difficulty can be cleared up. We propose to discuss the problem here with Mr. Merchant, showing him your reference telegram and this telegram. We hope it will be possible to achieve the desired postponement without embarrassment, despite the fact that the draft has apparently been approved by the President.

---

115. DEA/50219-AE-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1504 Washington, July 3, 1957

TOP SECRET. OPIMMEDIATE.
Reference: Your Tel DL-574 June 28.

CONSULTATION ON ALERTS

We discussed your misgivings yesterday afternoon with Nugent, the Canadian Desk Officer in the State Department, and he has assured us that the formal reply from Mr. Dulles can, and will, be held until the points of difficulty have been clarified.

2. Nugent was troubled at your suggestion that paragraph 2 might be omitted entirely. The purpose of this paragraph had been to distinguish between different types of alerts and different degrees of readiness in order to define as precisely as possible the kinds of situations in which consultation should be required. While the language used in the USA draft might not be entirely satisfactory, some such paragraph seemed necessary if misunderstandings were to be avoided and if enough but not too many consultations were to result.

3. In connection with the first sentence in the paragraph, Nugent recognized that the words "brought about by" might imply that nothing was to happen until after a national emergency had actually been declared or a nationwide civil defence emergency already existed. He personally, and subject to consultation with the other departments concerned, wondered whether the intention would become clearer if these words were replaced by something like "of the kind which would be involved in."

4. With reference to the second sentence, they had assumed that Canada would not want to be consulted, and that consultation would not in fact be feasible, on every occasion

when a change in the state of alertness of some portion of all branches of the USA armed forces was made since such changes occur rather frequently. They had thought that the critical point would be reached only when the civil defence authorities considered it appropriate to notify or alert the populace as a whole. In practice, it was almost inconceivable that the whole of the USA armed forces would be seriously alerted without corresponding action being taken by the civil defence authorities. He thought that the best measure of the seriousness of the alert from the point of view of our interest would therefore be the initiation of action affecting the population generally. Although Nugent felt that a good effort had been made to word this sentence in a manner which would avoid needless consultations but would bring about consultations when really required, he appreciated your point about the automatic involvement of the Canadian Air Defence Command (with possibly quite large consequential expenditures) even when the populace as a whole was not being affected. He undertook to have this sentence studied further with a view to some redrafting which might take care of your point. He thought this should be possible if you were not really expecting that diplomatic consultations (as distinguished from exchanges at the operating level between the armed services of the two countries) would occur every time there was a change in alert for certain military units containing elements from all three services of one country.

5. While Nugent indicated that he would be interested in Mr. Merchant's observations after the fuller discussion with those directly concerned with the arrangements in Ottawa, he thought that generally there was an advantage in continuing to centre the exchanges on this subject in Washington. Although the Embassy in Ottawa has been kept fairly well informed, Nugent doubted that they had the complete and up to date information required for detailed discussions. It would in his view be more convenient and satisfactory to keep this subject in the channel used in the past.

6. Finally, Nugent remarked that while he would try his hand at redrafting the offending paragraph he would be most grateful for any specific suggestions which officials in Ottawa might care to put forward.

[N.A.] ROBERTSON

---

116. DEA/50219-AE-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-627 Ottawa, July 24, 1957

TOP SECRET. OPIMMEDIATE.
Reference: Your Tel Top Secret 1570 Jul 16.†

CONSULTATION ON ALERTS

We have also been working on an alternative possible version of the second paragraph of the proposed USA reply to Mr. Heeney's letter of March 1 and have worked out the following wording:

"It is my understanding that the consultation under consideration pertains to situations where either party deems it necessary or likely to be necessary to declare a national alert or national emergency in the light of indications, originating outside the Continental Air Defence System, of an attack on North America. The alert measures with which we are concerned would not include partial or limited measures such as increased conditions of operational readiness of the armed forces."

2. Our version does not differ fundamentally from the USA version but we have a strong preference for our text since it renews the emphasis, to which we attach considerable importance, on consultation before alert measures are adopted, insofar as time permits. This emphasis was contained in Mr. Heeney's letter of March 1 which the USA authorities have accepted as part of the agreement. Would you therefore please ascertain whether the USA authorities find our text acceptable.

3. With reference to your telegram 1504 July 3, we understand the State Department's desire that the Intergovernmental Agreement should define as precisely as possible the kinds of situation in which consultation would be required and we agree that Canada would not expect (and incidentally has not asked) to be consulted on every occasion when the frequently occurring changes in the state of operational readiness of some parts of the USA armed forces are made (though we assume that such changes occurring in the armed forces of either party are and will continue to be notified to the other party through appropriate service channels).

4. With reference to paragraph 2 of our telegram DL-574 June 28, we did not discuss the problem with Mr. Merchant, but we did call in Mr. Rewinkel, Counsellor of the USA Embassy, to show him the two telegrams mentioned and to emphasize again the importance we attach to reaching agreement on consultation.

---

117. DEA/50219-AE-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1904 Washington, September 10, 1957

TOP SECRET. PRIORITY.
Reference: Our Tel 1644 Jul 29.†

CONSULTATION ON ALERTS[170]

The State Department, in consultation with the Defence Department, has been engaged in trying to produce a revision of paragraph 2 of the proposed USA reply to our letter of March 1, regarding consultation on alerts. You will recall that the original text of the proposed USA reply was transmitted in my telegram 1426 June 21. In this discussion with the Defence Department, State Department has also had in hand the text outlined in your telegram DL-627 July 24.

2. In Nugent's absence, Parker, of the Canadian Desk, has shown us informally the text of a substitute paragraph on which agreement has now been reached with the Defence Depart-

---

[170] Note marginale :/Marginal note:

Mr. Tremblay: This is DL 1 action: but perhaps when you have drawn the file we could look at it together. [G.G. Crean] 11 Sept.

ment at the official level. This paragraph in substitution for the old paragraph 2 now reads as follows: "It is my understanding that the consultation under consideration pertains to situations where either party deems it necessary or desirable to declare a national alert or national emergency with its widespread implications involving particularly the civilian elements of our population. Further the alert measures we are concerned with in this proposal would not include those partial or limited measures such as increased conditions of operational readiness of the armed forces which do not involve or directly influence the population at large."

3. The principal difference in the text contained in your telegram DL-627 July 24 lies in the omission of the reference "in the light of indications, particularly those originating outside the Continental Air Defence System, of an attack on continental North America." Parker explained that although State Department officials would have been prepared to accept the inclusion of this reference, the Defence Department were strongly of the view that a reference to the exchange of indications intelligence should not properly be included in this exchange of letters with respect to consultation on alerts. Their argument is that the point is fully covered in the bilateral arrangements set forth in our note of May 14/56, with respect to the exchange of intelligence, to which the State Department replied on December 4/56, together with the Tripartite Agreement on the exchange of intelligence set out in our letter April 18,[171] and State Department reply of May 8.[172] The intelligence authorities in the Defence Department would greatly prefer, therefore, to delete this specific reference to indications intelligence from the proposed letter on consultation.

4. In the interests of finalizing this matter, we should be most grateful to have your comments as soon as possible on the text shown to us by the State Department, in the light of the explanation given above.

---

118. DEA/50219-AE-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-868 Ottawa, October 10, 1957

TOP SECRET. PRIORITY.
Reference: Your Tel 1904 Sep 10.

CONSULTATION ON ALERTS

The USA redraft of paragraph 2 of the proposed USA reply to our letter March 1 has been examined here and is considered to be satisfactory. In particular we agree with the Defence Department view that a reference to the exchange of indications intelligence should not properly be included in the exchange of letters concerning consultation on alerts.

2. You may, therefore, notify the State Department that their intended reply to our letter March 1 is satisfactory to the Canadian Government at the official level. You might tell the

---

[171] Voir/See Volume 23, Document 101.
[172] Voir/See Volume 23, Document 103.

State Department, however, that the exchange of correspondence will have to be submitted to the Cabinet for final approval and that, until this happens, we would be grateful if the State Department could find it possible to hold up their formal reply.[173]

SECTION D

INSTALLATIONS DE RAVITAILLEMENT POUR LE COMMANDEMENT AÉRIEN STRATÉGIQUE
STRATEGIC AIR COMMAND REFUELLING FACILITIES

119. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], January 22, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Secretary of State (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Leader of the Government in the Senate (Senator Haig).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

---

[173] Le 28 avril 1958, le Comité du Cabinet sur la défense a approuvé la proposition de réponse des États-Unis. À la suite d'un rapport verbal du ministre de la Défense nationale George Pearkes le 8 mai 1958, le Cabinet a inscrit « noted with approval » relativement à la décision du Comité du Cabinet sur la défense. La réponse officielle des États-Unis à la lettre du Canada du 1er mars 1958 est datée du 10 novembre 1958. Voir le télégramme de Washington 2786, 13 novembre 1958, MAE/50030-AB-4-40.

The Cabinet Defence Committee aproved the proposed text of the United States reply on April 28, 1958. Following an oral report by National Defence Minister George Pearkes on May 8, 1958, Cabinet "noted with approval" the decision of the Cabinet Defence Committee. The official United States reply to the Canadian letter of March 1, 1958 was dated November 10, 1958. See Washington Telegram 2786, November 13, 1958, DEA/50030-AB-4-40.

CANADA-U.S. DEFENCE; CONSTRUCTION OF AIRDROME RUNWAYS; U.S.A.F. REFUELLING FACILITIES IN CANADA

6. *The Secretary of State for External Affairs* reviewed briefly the situation regarding the proposed establishment of refuelling facilities to support the operations of the United States Strategic Air Command at nine bases in Canada. The previous government had decided to authorize construction of the facilities at Frobisher, Churchill, Cold Lake, and Namao, on the understanding that procurement and construction would be undertaken through Canadian government departments and that Canadian contractors would be employed.[174] It was intended that the terms and conditions under which these facilities would be established would be laid down in an exchange of notes which would constitute an agreement between the governments of Canada and the United States.

One of the most important provisions of the proposed agreement concerned construction and procurement of equipment. Up to a year ago, Canada U.S. defence agreements normally made provision for "equal consideration" to Canadian and U.S. contractors. The decision of the previous government with respect to the four bases mentioned involved a trend away from this formula to a firm requirement that construction be done by Canadian contractors. Since then, U.S. authorities on a number of occasions had expressed concern over this development. Some Canadian officials believed that a strong stand in principle on this matter might result in U.S. acceptance of the necessity of employing Canadian contractors on almost every project of importance, although there might be occasions when such a stand would run into firm U.S. resistance and thus have a bad effect on Canadian U.S. relations. Other officials felt that insistence on spelling out the principle in the proposed agreement would result in U.S. resistance now, and that it might not be desirable to press the U.S. too strongly, provided that the Canadian objective of having the work done by Canadian contractors, except in very special cases, was achieved.

The construction clause in the draft agreement submitted by the U.S. did not state specifically that Canadian contractors would be used. However, U.S.A.F. authorities would be asking the Department of National Defence to act as their agent and were aware that, in these circumstances, Canadian contractors would be employed. In the case of special equipment items, the government had in the past authorized their purchase in the U.S. where they were not readily available in Canada. In the event that these provisions were not accepted, the government might wish to insist that the agreement specify that the work be done by Canadian contractors, as the previous government had in principle decided.

An explanatory memorandum was circulated (Minister's memorandum, Jan. 16, 1958-Cab. Doc. 16-58)†

7. *During the discussion* the following points emerged:

(a) If the intergovernmental agreement containing the usual "equal consideration" clause were accepted, construction financed by U.S. money would start very soon, and provide many Canadians with jobs. The U.S. had always been prepared to use Canadian contractors employing Canadian labour in the past on their defence projects here, and would do so in this case. On the leased bases and on the leased territory at Goose Bay, however, the situation was different.

(b) The present problem arose because the Department of Defence Production had been made aware of instances where the U.S. authorities had not used Canadian contractors, or equipment procured in Canada, where this would have been quite possible. The previous government had then stated that construction of the facilities at the first four bases could proceed provided it was specified that Canadian contractors would be used. It would be most embarrassing for the present government to go back to the old position.

---

[174] Voir/See Volume 23, Document 107.

(c) It would be equally, if not more embarrassing if the U.S. were to bring in many workers for these projects at a time when there was so much unemployment in Canada. Before considering the matter further, assurances should be sought from the U.S. that Canadian workers would be employed.

8. *The Cabinet* noted the report of the Secretary of State for External Affairs on arrangements under which refuelling facilities for the United States Strategic Air Command would be constructed at airfields in Canada, and deferred decision on the matter pending a further report by the Minister on the assurances the United States was prepared to give that it would employ Canadian contractors using Canadian workers on these projects.

. . .

---

120. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], January 24, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice
and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Leader of the Government in the Senate (Senator Haig).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

CANADA-U.S. DEFENCE; CONSTRUCTION OF AIRDROME RUNWAYS; U.S.A.F. REFUELLING FACILITIES IN CANADA

(PREVIOUS REFERENCE JANUARY 22)

1. *The Minister of National Defence* said that the United States would immediately make available $42 million for construction and related work on refuelling facilities at Frobisher, Churchill, Cold Lake, and Namao once it received the approval of the Canadian govern-

ment, in the form of a diplomatic note, that work might proceed. The U.S. would not go ahead, however, if Canada stipulated in the note that the contracts must be given to Canadian contractors. However, he understood they would be quite willing to give an assurance in writing, separately, that this would in fact happen so far as these particular bases were concerned. Employment would be provided for 1,500 men in the very near future. Unless the work got under way by April 15th, the projects might be cancelled and dropped for good. In these circumstances, Mr. Pearkes recommended that the U.S. be authorized to proceed in accordance with the terms originally proposed, i.e. procedures for awarding contracts would be determined by agreement between the two governments.

2. *The Acting Minister of Defence Production* said that, if there were no question of a formal note, it would not be too embarrassing to allow the U.S. to go ahead. However, such a communication would set a precedent for other projects. [one sentence was removed/une phrase a été supprimée] They were going to insist on the "equal consideration" provision, and, if they succeeded in gaining acceptance of it, would then want the construction work to be done by U.S. personnel and the equipment procured in the U.S. Mr. Green emphasized again that the previous government had agreed to the construction of the refuelling facilities at the four bases on the understanding that the work would be done by Canadian contractors. To change now would be politically dangerous.

3. *During the discussion* the following points emerged:

(a) In view of the employment situation, the proposed U.S. terms might be accepted, but only for these four bases. Most of the work was for construction and very little equipment was involved, so there were not likely to be problems in regard to procurement from U.S. sources.

(b) The R.C.A.F. would be supervising the work at Frobisher and the contracts at the other three bases would be let through Defence Construction Limited.

(c) No U.S. workers should be allowed to participate unless it was shown positively that specialists who might be needed were not available in Canada.

(d) Canadian officials had considered and drafted a number of changes to the U.S. proposed note, including amendments to the construction and equipment provisions. Except for the latter, none of these were apt to be controversial and should be forwarded to the U.S. authorities for inclusion in the final agreement.

4. *The Cabinet* agreed that the United States government be authorized to proceed with the construction of refuelling facilities for the United States Strategic Air Command at Frobisher, Cold Lake, Namao, and Churchill, on the understanding:

(a) that an assurance was received from the U.S. that the construction and the procurement of related equipment, supplies, and technical services, except for special items, be undertaken through Canadian government departments and agencies and that the work would be done by Canadian contractors;

(b) that the note agreeing to this be made to apply to these bases only and should not constitute a precedent for arrangements for the establishment of other U.S. defence installations in Canada in the future;

(c) that the substance of the formula submitted by the U.S. respecting the construction and equipment provisions be accepted for this agreement only, but that suggested changes to the U.S. draft note which had been prepared on other matters be submitted to the U.S. for consideration; and,

(d) that no U.S. workers be admitted to participate in the construction involved unless they were specialists of types not available in Canada.

. . .

---

121. DEA/50195-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET [Ottawa], April 28, 1958

USAF REFUELLING FACILITIES

There have been sufficient important developments in this matter over the past few months to warrant giving you a report on the current status of the project.

2. In January, Cabinet approved in principle the establishment of USAF aerial refuelling facilities at four bases in Canada — Frobisher, Churchill, Namao and Cold Lake, subject to the completion of a satisfactory exchange of notes. You will recall that the construction provisions of the note had presented difficulties but that in January Ministers approved a formula consisting of written assurance, apart from the inter-governmental note, that Canadian contractors would be used and acceptance in the note of the language proposed by the United States.

3. To everyone's surprise, the United States authorities in the middle of February proposed a new and substantive revision to their own original draft note. They proposed that a provision be included in the agreement which would commit the two Governments to arrive at a settlement when the facilities were disposed of, under which the proceeds to be realized from any commercial use of the facilities would be shared in proportion to the existing value of each Government's investment. On the basis of consideration of the United States proposal by senior Canadian officials, the United States authorities were informed that it was unlikely that such a provision would be acceptable to the Canadian Government. It was this point in negotiations which had been reached when the Permanent Joint Board on Defence met last week.

4. We learned at the PJBD meeting last week that the USAF, in the light of increasing Soviet capabilities, had re-evaluated the original refuelling facilities programme and had established new requirements. The original requirements were that the refuelling facilities in Canada would be exercised once or twice a year in peacetime and that therefore only a small holding detachment of approximately thirty USAF personnel would be required at each location to keep equipment in service between the training exercises. The requirement now established by USAF calls for the permanent stationing of six tanker aircraft at each refuelling base, with a complement of two hundred USAF personnel stationed at each base. (Exercises would still be carried out, of course, once or twice a year, when the base would be used by approximately forty tanker aircraft and additional personnel.) It became clear that the United States authorities were not prepared to go forward with the exchange of notes under negotiation until they had Canadian Government concurrence to this new concept. We were told, however, that the United States would agree, for this project, to the elimination of the provision mentioned above concerning settlement after relinquishment of the facilities by the USAF. It was agreed at the PJBD meeting that an immediate

meeting of USAF and RCAF representatives would be arranged to discuss the latest strategic considerations affecting the project. We understand that that meeting will take place this week. The object of the meeting is to acquaint the RCAF in detail with USAF thinking in order that the RCAF may be able to provide for Ministers a Canadian appreciation of the military requirement now put forward by the USAF. The project would then have to be put before Cabinet again for its consideration. The further consideration which will be required will doubtless cause difficulties for the Department of Transport and the Department of Defence Production, who are intimately involved in planning for the movement of construction material for use in this year's construction season.

5. The important developments in this project since Cabinet gave its approval in principle in January may be summarized then as follows:

(a) A new USAF requirement for the permanent stationing of tanker aircraft and additional personnel at four bases in Canada;

(b) The willingness of the United States authorities to give up for this agreement their desire to make provision for the sharing of any proceeds to be derived from the use of the facilities for commercial purposes after relinquishment of the facilities by the United States; United States authorities indicated at the PJBD meeting, however, that they would wish to pursue this principle on its own merits as a separate item for negotiation;

(c) A clear implication that the United States request for facilities in Canada will be limited to the four bases under consideration and will not extend to five additional bases in Canada which were in the original USAF programme and which have already been surveyed.

(d) The certainty that the project will have to be considered again by Ministers.

6. There would not seem to be much point in making recommendations to you on the project until the detailed USAF plans have been revealed to the RCAF. It is clear, however, that one of the important political aspects of the question will be the permanent stationing of some 800 additional USAF personnel in Canada.

J. L[ÉGER]

122. DEA/50046-A-40

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], May 26, 1958

Present:
The Prime Minister (Mr. Diefenbaker), in the Chair,
The Minister of National Defence, (Mr. Pearkes),
The Minister of Finance (Mr. Fleming),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley).
The Minister of Transport (Mr. Hees).
The Secretary (Mr. Martin),
The Military Secretary (G/C Weston).
The Chairman, Chiefs of Staff (General Foulkes),
The Chief of the Air Staff (Air Marshal Campbell).
The Secretary to the Cabinet (Mr. Bryce),
The Deputy Minister of National Defence (Mr. Miller),
The Under-Secretary of State for External Affairs (Mr. Léger),
The Deputy Minister of Defence Production (Mr. Golden).

I. U.S.A.F. REQUIREMENT FOR REFUELLING FACILITIES IN CANADA

1. *The Minister of National Defence* recalled that the United States had previously been authorized to install refuelling facilities for tanker aircraft for the U.S. Strategic Air Command at Frobisher, Cold Lake, Namao and Churchill. Under this plan the U.S. was to exercise tanker aircraft occasionally in peacetime and to construct such facilities as would be necessary to use them fully in an emergency.

New factors had now emerged of such significance that, in order to retain the deterrent capability of SAC, an "immediate readiness" concept had become a vital necessity. This concept altered the conditions and requirements under which the U.S. was previously authorized to proceed with refuelling facilities at the four bases mentioned. Instead of these bases being used occasionally for training, it was now necessary that they be in a position to be used on a continuous basis. Under this concept, the main requirements were:

(a) Six tanker aircraft on "immediate readiness" at each base at all times in peacetime, to be rotated to their units in the U.S. every seven days.

(b) When war appeared imminent, a build-up at each base to 20 tankers.

(c) Aircraft and personnel readiness facilities near the end of each runway.

(d) The permanent stationing of 160 personnel at each base, of which about 40 could be Canadian servicemen or civilians.

(e) The assignment of 100 U.S. aircrew on temporary duty basis to rotate weekly as the alert aircraft were rotated.

(f) When war appeared imminent, increase in personnel strength at each base to a total of 530.

In submitting this proposal, the U.S. authorities had dropped a request for the development of five additional refuelling bases which they had contemplated when the original proposal was made, hence the need for refuelling facilities was confined now to these four bases only. Agreeing to the American request would, of course, create new problems. The situation at each of the four bases differed somewhat. At Frobisher no insurmountable difficulties could be foreseen. The base already had a fairly sizeable complement of U.S.A.F. personnel. At Churchill the same could be said, provided the U.S. augmented the basic services in a suitable manner. The facilities at Cold Lake were already fairly heavily taxed and there were no U.S.A.F. personnel there at present. Namao was quite close to Edmonton and the presence of possibly 160 to 200 U.S. personnel would draw comment. However, the U.S.A.F. used the base very frequently as a staging point.

The Minister recommended, on the advice of the Chiefs of Staff, that approval in principle be given to the U.S. to proceed with the "immediate readiness" tanker refuelling programme at these four bases, subject to a satisfactory exchange of inter-governmental notes.

2. *Mr. Pearkes* added that the expenditure proposed on the bases by the U.S. would amount to approximately $53.5 million.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 22nd, 1958 — Document D6-58).†

3. *During the discussion* the following points emerged:

(a) The possibility of increasing the number of Canadians to be employed at each of the bases had been considered carefully. However, all air forces were sensitive as to who would service their aircraft and the U.S. personnel to be stationed at each base, apart from aircrew, would be concerned with these activities.

(b) The significance of the proposal was that U.S. aircraft in support of SAC operations would be rotated on Canadian airfields continuously. The NORAD arrangements involved co-operation in defence. The present step contemplated active co-operation in offence and while Canada has, under NATO, a commitment to support SAC operations, this was a new and important development. On the other hand, it had to be remembered that offensive operations from North America could only be launched with the approval of the President of the United States and this would only occur once a war had quite clearly started.

(c) It might be advisable to make clear to the public that there was a distinction between bombers and tankers. However, even if this were the case, it would be hard to say that we were not co-operating closely in maintaining the deterrent and counter-offensive operations.

(d) If approval were given to station tankers in Canada in peacetime, was it not likely that the U.S. might next ask for the stationing of SAC bombers here too? To this question it was said that there had been no mention of this by the U.S. authorities and, in fact, the tendency in the U.S. was to rely more heavily on long-range bombers and thus decrease the use of tanker bases. The reason for the request for facilities at the four bases mentioned was that, among other things, Namao and Cold Lake could provide alternative facilities when, as often happened, Frobisher and Churchill could not be used because of adverse weather conditions.

(e) It was important that the first contact the Canadian public had with these bases should be via Canadian personnel. No formal authority was required from the U.S. to visit bases on the DEW line, but out of courtesy each American base was notified when a Canadian intended to visit it.

(f) The main reason for the U.S. request was their present weakness in the missile field and political instability in the countries in which several of their SAC bomber bases were now located. The bases around the periphery of the U.S.S.R. were within range of IRBM's. Hence the U.S. military authorities felt they had to depend more on North America. It was clear that the U.S.S.R. was ahead of the Western world in the development of the ICBM. The U.S. felt it had to depend on manned aircraft for the next five to ten years and, in view of the stage of development of U.S.S.R. missiles, they felt they could only count on fifteen minutes warning for their aircraft to get off the ground from most of their bases, including those in North America. Thus if they had six tankers at four bases in Canada, they would be able to put 24 aircraft in the air in a short space of time and significantly add to the capability of their bomber forces. If the U.S.S.R. concluded it was possible to destroy SAC on the ground, SAC would not be a deterrent. As we support the deterrent concept, it was difficult for us not to support this proposal.

(g) At present there were nearly 15,000 U.S. servicemen on Canadian soil, although most of these were at the leased bases. The Canadian services might gradually take over some of the duties of the U.S. personnel not on leased bases to compensate for the additional numbers who would be doing SAC refuelling work.

(h) U.S. authorities hoped to have a decision from the Canadian government on this matter in June so that stockpiling of materials could start in the present season and the bases become operational in 1960 or 61.

(i) It would be desirable, if the request were agreed to, to inform Parliament of the decision at the same time as the debate on the NORAD arrangements was held. It might also be wise to come to a decision on ground environment and communications requirements and inform Parliament of these two at the same time. On the other hand, there was a danger of confusing the present matter with NORAD.

(j) The conditions laid down in the draft exchange of notes with the U.S. governing the previous decision with respect to refuelling facilities appeared to be applicable to the new circumstances. However, it would be necessary to prescribe in writing what the Canadian government had given its agreement to in this instance.

4. *The Committee* noted the report of the Minister of National Defence on the U.S. request for tanker refuelling facilities in support of the Strategic Air Command and agreed:

(a) that the U.S. be authorized to establish such facilities at Frobisher, Cold Lake, Namao and Churchill, in accordance with the outline of requirements as submitted by the Minister as follows:

(i) 6 tanker aircraft on "immediate readiness" at each base at all times in peacetime, these to be rotated to their parent units in the U.S. every seven days;

(ii) to build up, at each base, to a total of 20 tankers if and when war appears imminent;

(iii) aircraft and personnel readiness facilities adjacent to the end of the runway.

(iv) stationing permanently of approximately 160 personnel at each base, of which about 40 would be Canadian service or civilian personnel;

(v) assigning about 100 U.S. aircrew on a temporary duty basis, these to rotate weekly in consonance with the alert aircraft at each base;

(vi) if and when war appears imminent, increasing the personnel strength at each base to a total of 530;

(b) that appropriate notes and correspondence be prepared for exchange with the U.S.; and

(c) that the decision be announced by the Prime Minister during the debate on the NORAD arrangements in the House of Commons.

. . .

123. DEA/50195-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], June 25, 1958

USAF REFUELLING FACILITIES IN CANADA

You informed the House on June 10 in the course of the discussion of NORAD that "the two Governments are about to complete a formal agreement on the conditions which will govern the form and use of those (refuelling) facilities and the agreement will be tabled subsequently in this House."[175] The exchange of Notes[176] and supplemental correspondence was completed on June 20 and copies of the various pieces of correspondence are attached. They consist of:

(a) United States Note No. 281, which is UNCLASSIFIED;

(b) Our reply in Note No. 106, which is UNCLASSIFIED;

(c) The United States Ambassador's letter to the Under-Secretary concerning the construction provisions of the agreement, which is classified SECRET; and

(d) A further exchange of letters between the Under-Secretary and the United States Ambassador concerning the Canadian Government's understanding of the use which is to be made of these facilities; this exchange is also SECRET.

It has been agreed with the United States Government that the correspondence referred to in (c) and (d) above is to remain classified. The documents to be tabled in the House, therefore, will be United States Note No. 281 and our reply in Note No. 106.

I would recommend that this exchange should be tabled as soon as possible. Because the Notes are UNCLASSIFIED, the danger always exists that detailed knowledge of them would reach the press or the public. It would be unfortunate if this were to happen before the Notes have been tabled in Parliament.

I should be grateful to know whether you wish to table these Notes or whether you would prefer me to do it.[177] I think we should perhaps have a word as well on the question of whether the Government intends to provide for discussion of the Notes after tabling.[178] In taking a decision on this last point, we shall have to bear in mind the fact that it will not be possible to table the classified correspondence connected with this project.

SIDNEY SMITH

---

[175] Voir Canada, Chambres des Communes, *Débats*, 1958, volume I, 10 juin 1958, pp. 1046 à 1048.
See Canada, House of Commons, *Debates*, 1958, Volume I, June 10, 1958, pp. 998-999.

[176] Voir le texte officiel de ces notes dans Canada, *Recueil des Traités*, 1958, N° 15.
For the official text of these Notes, see Canada, *Treaty Series*, 1958, No. 15.

[177] Note marginale :/Marginal note:
OK you do so [J.G. Diefenbaker]

[178] Note marginale :/Marginal note:
Yes if desired [J.G. Diefenbaker]

[PIÈCE JOINTE 1/ENCLOSURE 1]

L'ambassadeur des États-Unis au sous-secrétaire d'État aux Affaires extérieures

Ambassador of United States to Under-Secretary of State for External Affairs

SECRET Ottawa, June 20, 1958

Dear Mr. Léger:

I refer to the exchange of notes, dated June 20, 1958, between the Embassy and the Department of External Affairs regarding the establishment, maintenance and operation of certain United States Air Force aerial refueling facilities in Canadian territory.

I have been advised by my Government that, so far as currently planned aerial United States Air Force refueling facilities at Frobisher Bay, Fort Churchill, Namao and Cold Lake in Canada are concerned, the United States, in view of the fact that the proximity of qualified Canadian contractors to the above Canadian bases where we wish to construct facilities should assure the completion of these facilities on terms generally equivalent to or better than those possible by the use of United States contractors, agrees that construction of the facilities and the procurement of related construction equipment, construction supplies, and technical services will be undertaken through Canadian Government departments and agencies and that the work will be done by Canadian contractors. I understand that certain very special equipment required for this project is to be procured from United States sources. In agreeing to these conditions, my Government wishes to stress that no precedent for possible future defense projects is intended.

Sincerely yours,

LIVINGSTON T. MERCHANT

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le sous-secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis

Under-Secretary of State for External Affairs to Ambassador of United States

SECRET [Ottawa], June 20, 1958

Dear Mr. Merchant,

Our two Governments have now reached agreement on the conditions governing the installation of refuelling facilities for tanker aircraft of the USAF Strategic Air Command at Frobisher, Cold Lake, Namao and Churchill. That agreement is recorded in the exchange of notes of June 20, 1958. I should like to record in this letter the Canadian Government's understanding of the use which is contemplated of these facilities.

As a result of discussions between representatives of our two Governments, it is the Canadian Government's understanding that an "immediate readiness" concept for tanker aircraft of the Strategic Air Command has become a vital necessity if the deterrent capability of the Strategic Air Command is to be retained. This new concept has altered the original requirements applying to the refuelling facilities in Canada and demands that the facilities be used continuously.

It is, therefore, the Canadian Government's understanding that the requirements under the new concept are the following:

(a) six tanker aircraft on "immediate readiness" at each base at all times in peacetime, these to be rotated to their parent units in the United States every seven days;

(b) to build up, at each base, to a total of 20 tankers if and when war appears imminent;

(c) aircraft and personnel readiness facilities adjacent to the end of the runway;

(d) stationing permanently of approximately 160 personnel at each base, of which about 40 would be Canadian service or civilian personnel;

(e) assigning approximately 100 United States aircrew on a temporary duty basis, these to rotate weekly in consonance with the alert aircraft at each base;

(f) if and when war appears imminent, increasing the personnel strength at each base to a total of 530.

It is the Canadian Government's understanding as well that flights by SAC tanker aircraft over Canadian territory will be governed by existing arrangements between our two Governments. As "flights undertaken as part of a routine deployment, training or testing programme carrying non-nuclear components and using bases in Canada or overflying Canadian territory," SAC tanker flights will be cleared on a service-to-service basis under a general programme cleared in advance between the Chiefs of the Air Staffs with individual movements to be notified by flight plan 48 hours in advance to RCAF Headquarters and marked by some distinctive code word or number.

It is with these understandings in mind that the Canadian Government has entered into the exchange of notes with your Government of June 20, 1958. I should be grateful if you could confirm that the above represents your Government's understanding of the use which will be made of the refuelling facilities at the four bases in Canada.

Yours sincerely,
JULES LÉGER

[PIÈCE JOINTE 3/ENCLOSURE 3]

L'ambassadeur des États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador of United States
to Under-Secretary of State for External Affairs

SECRET

Ottawa, June 20, 1958

Dear Mr. Léger:

With respect to the exchange of notes, dated June 20, 1958, between the Embassy and the Department of External Affairs on the establishment, maintenance and operation of certain United States Air Force aerial refueling facilities in Canadian territory, I refer to your letter of June 20, 1958 in which you set forth the Canadian Government's understanding of the use which is contemplated of these facilities.

I am authorized to confirm that the understandings described in your letter represent my Government's concept of the use which will be made of the refueling facilities at the four bases in Canada mentioned in your letter.

Sincerely yours,
LIVINGSTON T. MERCHANT

SECTION E

SYSTÈME DE DÉTECTION LOINTAINE DES MISSILES BALISTIQUES
BALLISTIC MISSILE EARLY WARNING SYSTEM

124. DEA/50370-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Acting Secretary of State for External Affairs

SECRET Ottawa, November 10, 1958

BALLISTIC MISSILE EARLY WARNING SYSTEM (BMEWS)

We understand that the attached memorandum on this subject will be brought before Cabinet on November 12, by the Minister of National Defence. The memorandum recommends that the United States be authorized to proceed with activities in Canada connected with the BMEWS project under terms and conditions to be set out in an exchange of notes between the two Governments. A United States draft note was forwarded to us in July and has been considered by interested Canadian Government Departments. The suggestions for revision of the United States draft are contained in the paper which forms part of the attached submission to Cabinet. That paper has been approved by senior officials of the Departments concerned including representatives of this Department.

The draft note submitted by the United States in July was designed to cover in general terms activities in Canada connected with the establishment by the United States of an early warning system against ballistic missiles. At this stage, the United States activities which would affect Canada are almost entirely in the communications field, i.e., the establishment of communication links from BMEWS radars in Thule and in Alaska. The agreement, if concluded, would cover only the "passive" element of a defence system against missiles, i.e., detection and warning equipment. The "active" element of the system, i.e., heavy radars and anti-missile missiles, will form the other essential part of the system. We have as yet little indication of United States plans in this respect which would affect Canada.

Ministers have recognized the importance of the missile threat to Canada and have agreed that it is appropriate for Canada to participate in defence systems designed to meet this threat. The Canadian Government has already given its approval to a number of specific installations connected with the system which the United States wished to build in this year's construction season. These approvals are noted in paragraph 3 of the paper included in the attached submission. This piece-meal approach to the problem has bothered Ministers but they have recognized that the state of the art is so primitive that circumstances force *ad hoc* decisions.

Some concern has been expressed even in service quarters that we are not being kept fully informed of developments in the United States in the field of anti-missile weapons. One factor of importance in this connection is the rivalry which exists between the United States Air Force and the United States Army as to who will control the anti-missile weapons. Our object must be to participate as effectively as we can in the development of the whole anti-missile defence system while entangling ourselves as little as we can in the inter-service struggle going on in United States.

Officials of the interested Departments have agreed that it would be desirable when forwarding Canadian comments on the United States draft note of July to indicate that the Canadian Government is anxious to have full details as early as possible on the active phase of the anti-missile defence system. This point was made by the Canadian Section at a recent meeting of the Permanent Joint Board on Defence. The Canadian Section pointed out that such information was extremely important both from the point of view of military planning and Canadian defence production.

A number of detailed observations are made in the attached paper which are not of special concern to this Department. Some of them will no doubt be dealt with by the Ministers of Defence Production and Transport. The Minister of Defence Production is particularly anxious that as early as possible in the development cycle of new weapons connected with the active phase of missile defence Canadian industry should be given an opportunity to participate. The Minister of Transport is concerned with the implications for Canadian Government telecommunications policy of the provision of military communication facilities which run through Canada to other countries.

I recommend that you give your concurrence to the attached paper in order that this Department may reopen negotiations with the United States authorities on a satisfactory exchange of notes to cover this first phase of BMEWS activities in Canada.[179]

D.V. LEP[AN]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

SECRET

Ottawa, November 7, 1958

The United States are establishing a number of high powered radars to detect and track ballistic missiles approaching North America. One of these radars is being established at Thule, Greenland, and one in Alaska. To enable instantaneous and reliable communication of information from these radars to NORAD Headquarters a rearward communication system is required. Parts of this system will pass through Canadian territory.

On July 11th, 1958, a proposed note, covering U.S. communication proposals, was received by External Affairs. A Canadian interdepartmental group was established with representation from the various government departments concerned to study the contents of the proposed note. This group made a report to the Panel on Economic Aspects of Defence Questions, and the Panel, after consideration of the paper, which is attached hereunder, recommend that authority be granted to enter into negotiations with the United States for the exchange of notes covering the establishment of that portion of the communications system passing through Canada, in accordance with the conclusions arrived at by the interdepartmental group.

---

[179] Note marginale:/Marginal note:
Mr. Robertson: Cabinet approved today. 12/11/58. ED F[ulton]

I concur in this recommendation.

[G. PEARKES]

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note pour le Comité sur les aspects économiques de la défense

Memorandum to Panel on Economic Aspect of Defence

SECRET

BALLISTIC MISSILE EARLY WARNING SYSTEM — OVERALL AGREEMENT

Introduction

1. The United States, as an integral and essential part of the North American Continental Defence System in which Canada is a partner, has undertaken a programme to provide facilities for detection and early warning of a possible attack by ballistic missiles. The United States state there is a need for two separate highly reliable communications routes required from each of the Ballistic Missile Early Warning System (BMEWS) sites in Greenland and Alaska to NORAD. The proposed long-lines communications support for the BMEW System is outlined in Appendix "A".†

2. The BMEW System is planned not as an independent system, but takes into account other communications needs and facilities in the area, which will mutually support one another.

3. One of the detection installations is planned for Thule, Greenland, and its effectiveness will depend on the establishment of reliable communication to support the installation. Due to the indicated urgency of taking certain preliminary steps in connection with this project in advance of the consideration of an overall agreement on conditions covering the BMEW System, Canada has been requested to deal with certain aspects of the project on a piece-meal basis. This has resulted in the following developments:

(a) The Canadian Government, in Note #38, dated March 10, 1958, authorized the United States, subject to certain conditions, to conduct on Canadian territory a number of tests and surveys relating to the communications needed for the system, without prejudice to the decision of the Government on any subsequent request by the United States for permission to construct such communications facilities.

(b) Following Cabinet consideration on April 29, 1958, of a United States request for clearance by Canada in their placing orders for cable, repeaters and contracting for a cable laying ship, the United States were advised by the Minister of Defence Production, in a letter dated May 1, 1958, that, in view of the urgency of this matter, the Canadian Government had given approval to their requests, without prejudice to the Canadian Government approval covering the overall communication project.

(c) A United States request was received under date of July 11, 1958, for authorization to begin construction this summer of certain facilities at Cape Dyer, Baffin Island, needed for the purpose of laying a single submarine cable between Thule, Greenland and Cape Dyer. Following consideration by the interested Ministers, the United States were advised of Canadian concurrence in their request, subject to certain stated conditions concerning construction contractors, equipment procurement, cable landing, etc., and without prejudice to any decision on the overall agreement.

Proposed Overall Agreement

4. The United States Embassy, in a letter dated July 11, 1958, have submitted a proposed draft note for an overall agreement which would govern the use of Canadian communication facilities and the establishment of certain new facilities in Canada in support of the Ballistic Missile Early Warning System. The United States have also furnished the substantive portions of a proposed letter from the USAF to the Department of Defence Production covering the construction and procurement of electronics equipment under the proposed BMEWS Agreement.

5. There may be need to clarify with the United States authorities exactly what facilities they are seeking to have covered by the exchange of notes which they have proposed. On the face of it, the United States note could be considered to cover communication facilities designed to serve not only the Thule station, but also the Fairbanks station. As it is proposed to differentiate between the Thule System and the Fairbanks System, this approach should be made clear in the exchange of notes.

6. The interested Canadian departments have examined the United States proposed draft note and have established that in general it follows the format most recently agreed to in the Statement of Conditions on the SAC Refuelling Base Agreement, and other notes, including those on the Distant Early Warning Line.

7. Significant matters covered by the draft overall agreement as prepared by the U.S. are as follows:

(a) *Communications Facilities*. The United States do not plan to establish on Canadian territory any new communications routes for separate operation where existing government or commercial facilities are adequate or where it is feasible for the present operators to expand and improve existing, but inadequate facilities. Lease arrangements are contemplated in all cases where commercial facilities are to be utilized, with operation to continue under the commercial companies involved. If communications facilities covered by existing agreements are affected, it is proposed that the provisions of such agreements shall, so far as practicable, apply with respect to manning and operation of any additions or improvements to such facilities.

(b) *Manning*. The question of manning and operation of new communication facilities established in Canada, including the extent of Canadian participation shall be determined by agreement between the appropriate government agencies on the understanding that the system's contractor of the United States may be required to operate some or all of such facilities for an initial two year period and, also, that Canada reserves the right, on reasonable notice, to take over the operation and manning of all or any of the communications installations located in Canada in connection with BMEWS.

(c) *Financing*. The United States, will, unless otherwise agreed, be responsible for the cost of establishment, operation and maintenance of the portion of the System located in Canada. Except, that Canada shall pay any added costs, including costs of operation, which result from adopting any part of the communications system required for the BMEWS project to accommodate purely Canadian requirements.

(d) *Period of Operation*. The U.S. operate the facilities and station personnel for the System for ten years from the date the agreement enters into force, or such shorter period as may be agreed upon in light of mutual defence interests. After the ten year period, in the event that either government concludes that the operation of the facilities is no longer required and that the other government does not agree, the question of continuing need will be referred to the Permanent Joint Board on Defence.

8. In addition to the matters referred to in the preceding paragraph, the United States in furnishing explanatory comments on the draft agreement, have indicated that it is possible that certain forward acquisition radar sites and missile sites may be proposed for location in Canada. They indicate that the planning and development work have not progressed to the point that any useful forecast can be made at this time of the implications for Canada of the active missile defence. If and when any additional sites are contemplated, they have proposed that an addendum to the BMEWS agreement, adopted by mutual agreement, should be the method of covering such activities in Canada.

9. Comments of representatives of interested Canadian departments on the U.S. draft and supporting documentation, are as follows:

(a) *Manning*. Reference should be made to the number of personnel to be stationed at sites — along the lines of the provision in paragraph 9 of the SAC Agreement, which reads: "... the numbers of personnel to be stationed at any particular site will be a matter for agreement between the appropriate agencies of the two Governments, and will, in any case, not exceed the minimum required to operate the facilities effectively."

(b) *Telecommunications*. That paragraph 12 of the draft be rewritten along the lines of the redraft at Appendix "B"† to cover land circuits, radio stations and submarine cables. This would ensure that provision for the satisfaction of the requirement for circuits or equipment by leases or other appropriate arrangements with Canadian commercial companies or government agencies should include the possibility of "new circuits" as well as by extension or improvement of existing circuits or equipment. The reference to radio stations would conform to the provision in the SAC Note. The addition of a reference to submarine cables would enable arrangements to be made for each cable which may involve peculiar policy considerations.

(c) *Construction and Procurement of Electronic Equipment*. The draft statement of conditions provides that contracts for construction and the procurement of electronic equipment shall be determined by agreement between appropriate agencies of the two governments. This procedure has been worked out by the Department of Defence Production and it is proposed to set the agreement out in a confidential exchange of letters between the USAF and DDP. The proposed procedure conforms to the agreement reached on the SAC Refuelling Conditions. The confidential letter between the USAF and DDP will state that all construction work will be undertaken through Canadian contractors and that the procurement of electronic equipment will be awarded as far as practicable, to Canadian companies, with the question of practicability being resolved on the basis of an assessment of such factors as availability at the time period, cost, performance and capabilities of Canadian and US companies. It is the intention of the Department of Defence Production to participate with the USAF and the systems contractor in carrying out these conditions and to monitor the contracts which are awarded in Canada. For this purpose a permanent liaison officer has been established at the BMEWS Project Office.

(d) *Canadian Law*. It is noted that the draft provides that nothing in the agreement shall derogate from the application of Canadian law in Canada.

(e) *Matters Affecting Canadian Eskimos*. That a paragraph be added to the US draft to provide for the restoration of sites, along the lines agreed to in the DEWDROP Exchange of Notes, as follows: "If in the opinion of the Department of Northern Affairs and National Resources the condition of buildings, equipment or other material which are no longer to be used for the Project may have an injurious effect upon the Eskimos, the two governments will consult with a view to working out mutually satisfactory arrangements for razing any equipment, and restoring the site to a reasonable condition, bearing in mind the authorized uses to which the site has been put."

(f) *Extension of Agreement by Means of Addendum.* The exact nature of the type of agreement which might be required to cover possible acquisition radar and missile sites in Canada cannot be determined at this time. As separate agreements may be necessary for installations of this type, it is not considered desirable to advise the United States that we can agree to having this type of installation covered by means of an agreed addendum to a BMEWS agreement.

Conclusions

10. It is recommended that the following conclusions be taken into account:

(a) That the establishment of the BMEW System with the necessary communications through Canada is a requirement of highly significant military importance as it would augment the existing defence arrangements for North America by providing facilities for the detection and early warning of a possible attack by ballistic missiles.

(b) From the military standpoint, it would be desirable for the Canadian military to participate in the technical development of the System, and in the exploration of the implications for Canada of the active anti-missile defences.

(c) That the U.S. should be authorized to proceed with the project under appropriate terms and conditions which should take into account the points raised in paragraph 9.

(d) That Canadian authorization to proceed with the development of a communications system be restricted, in so far as usage is concerned, to meeting the requirements of BMEWS and of other projects covered by governmental agreements.

SECTION F

INSTALLATIONS DE NAVIGATION AÉRIENNE TACTIQUE
TACTICAL AIR NAVIGATION FACILITIES

125. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 174-58 [Ottawa], June 5, 1958

CONFIDENTIAL

INSTALLATION OF TACAN FACILITIES

Tactical Air Navigation (TACAN) is a short-range navigation aid which United States Air Force (USAF) fighter aircraft in particular will rely on increasingly in the immediate future for flight direction. The RCAF plan to equip their aircraft after 1960 for use of TACAN navigational aids. TACAN has also been adopted by NATO as the principal navigational aid to be installed in the NATO area.

2. Early in 1955 the United States authorities, after discussions with the RCAF and Department of Transport, requested Canadian Government authorization to undertake site surveys at various points in Canada with a view to the possible establishment of TACAN

facilities in Canada as part of a world wide system of navigational aids to serve the USAF. Authorization of the site surveys was given by interested Ministers at that time and the surveys were completed in April 1956. The United States then opened negotiations looking to the establishment of the facilities. In March 1957 a United States draft note was submitted which, if agreed upon by the two Governments, would authorize the establishment of the TACAN facilities and their operation at United States expense by Canadian civilian and USAF personnel, depending on the particular site in question. While there has been considerable discussion of the matter between interested officials of the two Governments, no Canadian reply has been made as yet to the United States proposals of March 1957.

3. The United States is seeking authority to establish twelve TACAN facilities at the following sites in Canada:

St. Anthony, Nfld.
Saglek, Labrador
Cape Christian, N.W.T.
Cutthroat Island, Nfld.
Torbay, Nfld.
Frobisher Bay, N.W.T.
Whitehorse, Y.T.
Fort Nelson, B.C.
Namao, Alta.
Port Hardy, B.C.
Sandspit, B.C.
Seven Islands, Que.

The total cost of installation and operation would be borne by the United States. It was proposed that USAF personnel would maintain and operate the TACAN facilities at four sites (St. Anthony, Saglek, Cape Christian and Cutthroat Island) where U.S. personnel already operate other facilities, and that the USAF would engage a Canadian contractor to operate the other eight facilities situated at Canadian airfields.

4. The facilities consist in the main of electronic equipment and require only a minimum plot of ground and some storage buildings. The cost of each facility would run between $150-200 thousand. It is understood that the electronic equipment required is already in USAF stocks. Delivery from Canadian production of TACAN electronic equipment could not be made before the first quarter of 1960. The Minister of Defence Production is therefore prepared to agree that TACAN equipment from USAF depot stocks might be installed during 1958 and 1959.

5. The Minister of Defence Production is of the opinion that any construction involved, and the procurement of equipment other than electronic equipment, should be undertaken through Canadian Government Departments or agencies and that Canadian contractors should be used, particularly at those sites which are RCAF or DOT stations. He is prepared to give special consideration to particular conditions existing at the four sites (St. Anthony, Saglek, Cape Christian and Cutthroat Island) which are maintained and operated by United States personnel, after investigation by Defence Construction Limited of the practicability of employing Canadian contractors at these sites.

6. The USAF have aircraft (F102) equipped for navigation with TACAN only, operating in both the Alaskan and North Atlantic areas. In addition, USAF aircraft equipped with TACAN only are scheduled to be deployed to Europe over the North Atlantic ferry route during 1959. The United States authorities have argued that failure to establish TACAN facilities in Canada will impair seriously the operational capabilities of air defence aircraft and may preclude use of the North Atlantic ferry routes. The Canadian Chiefs of Staff consider that to deny the United States permission to establish these stations would penalize USAF operations materially. The Chiefs of Staff have recommended, therefore, that the present USAF programme be approved as an element of the joint defence programme of Canada and the United States.

Recommendations

7. The Secretary of State for External Affairs, with the concurrence of the Minister of National Defence, therefore recommends:

(a) that approval in principle be given to the establishment of TACAN facilities at the twelve points mentioned in paragraph 3 above, on the understanding that the total cost of installation and operation will be borne by the USAF and that the facilities will be operated on the following basis:

(i) at the four sites where United States personnel are already stationed for other purposes, they may operate the TACAN facilities;

(ii) at the other eight sites, the USAF will engage Canadian contractors to operate the facilities.

(b) that in the procurement and construction of what is required for the establishment of TACAN facilities in Canada, the following conditions be met:

(i) permission be granted for the USAF to supply from their stocks TACAN equipment required during 1958 and 1959;

(ii) construction and procurement of equipment (other than electronic equipment), supplies, and technical services, and work connected with the installation of electronic equipment be undertaken through Canadian Government Departments and Agencies and Canadian contractors be employed unless special circumstances prevail.

(c) that approval be given for the negotiation of an inter-governmental exchange of notes which would include appropriate conditions for the establishment and maintenance of these facilities, including provisions concerning procurement and construction along lines similar to those approved in the case of the refuelling facilities project.[180]

SIDNEY SMITH

SECTION G

RÉUNIONS DE CONSULTATION
MEETINGS OF CONSULTATION

SUBDIVISION I/SUB-SECTION I

WASHINGTON, 30 SEPTEMBRE 1957
WASHINGTON, SEPTEMBER 30, 1957

126. DEA/50219-AE-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2091 Washington, October 1, 1957

TOP SECRET. PRIORITY.
For Under-Secretary

---

[180] Approuvé par le Cabinet le 12 juillet 1958./Approved by Cabinet on July 12, 1958. Voir/See Section D.

Reference: Our Tel 1989 Sep 19.†

MEETINGS OF CONSULTATION

The meetings of consultation were held yesterday in the State Department under the Chairmanship of the Under-Secretary, Mr. Christian Herter. The members of the USA group were as indicated in my reference telegram. The meetings were conducted on an informal and friendly basis, but were interspersed with more formal briefings by representatives of the Joint Intelligence Group of the Chiefs of Staff. These service briefings produced a mass of detailed facts and figures which can best be reported when, as we hope, we can arrange with the State Department to receive copies of the papers on which they were based. It may be useful, however, in advance of the more complete record which we are planning to send you, to forward a series of summary reports of the highlights of these discussions, and these summary reports are contained in an immediately following group of telegrams.

2. After a warm welcome by Mr. Herter, the following items were discussed, roughly in the order given:

(i) Welcome by Under Secretary
(ii) The external military threat to North America
(iii) Developments in Continental Air Defence
(iv) Outline of USA objectives in world's major diplomatic situations, including disarmament
(v) The Far Eastern situation
(vi) Mideast situation
(vii) NATO matters.

3. While we had hoped that the meeting could pass off unnoticed by the press, as has generally been the case in previous meetings of this kind, you will have seen from our telegram 2074 September 30† that, arising inadvertently out of the State Department's practice of publicizing the Under Secretary's calendar, it was necessary for the "departmental spokesman" to confirm that the meeting had been held and that it was one of a periodic series of reviews of international problems that the two neighbouring governments held on an official level from time to time.

4. We are addressing this and succeeding messages to the Under-Secretary, so that Mr. Léger may have the opportunity of reviewing these messages before they are given a wider distribution. In particular, it would be helpful if General Foulkes could look at the message dealing with continental defence before it is distributed further.

[N.A.] ROBERTSON

127. DEA/50219-AE-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2092 Washington, October 1, 1957

TOP SECRET PRIORITY
For Under-Secretary

MEETINGS OF CONSULTATION — (ITEM 4) OUTLINE OF USA OBJECTIVES IN WORLD'S MAJOR DIPLOMATIC SITUATIONS (SOVIET POLICIES)

The Acting Head of the Policy Planning Staff, Elbert Matthews, led off the discussion under this very broad subject. Some of the subjects touched on, e.g. the Mideast and disarmament, are treated, for convenience in separate messages.

2. Matthews emphasized their recognition that the freedom and security of the USA were dependent upon the freedom and security of others. This required the development and strengthening of collective security to which the USA was pledged.

3. The central threat grew from the economic and military power of the USSR to which the vast manpower of Communist China must be added. Despite the changes in the communist leadership which had taken place since the death of Stalin, the USSR was still committed to the doctrine of inevitable conflict, and to their faith in the ultimate victory of communism.

4. Another vital consideration in the policy planning of the USA was the "nuclear equation" which meant that to the threat to freedom must be added the threat to survival. Still a further factor in the contemporary world was the ferment now active throughout Asia and Africa, a ferment which had created emergent and new states and also new tensions. The Mideast area, and in particular the present Syrian crisis, showed how nationalism could go to extremes and play into the hands of the USSR.

5. In general, it was the view of the State Department that the USSR did not now have any intention to precipitate a war. There was, however, reason to be concerned at the prominent role being played by Khrushchev, who was described as an impetuous and foolhardy individual. With his greater role on the Soviet scene, the possibilities of risk and miscalculation had increased. The Soviets had alternated between threats of force and "sweet talk", and had continued to exercise their influence throughout the world through various forms of subversion, following a policy line in effect harder than that of a year or two ago.

6. To deter the Soviet threat, considered both from the point of view of the possibilities of a total war and of local conflicts, was a first aim of the USA. It was also necessary to seek to induce the Soviet leadership to pursue policies which would have the effect of making war less likely, and which would serve gradually to break down the barriers between the Soviet Union and the Free World. The USA hoped to see a loosening of the ties within the communist empire, such as appeared to have taken place in Yugoslavia and Poland, just as it hoped to avoid another tragedy on the Hungarian model. In referring to the recent

developments in Yugoslav-Soviet relations, including the Tito-Gomulka communiqué.[18] Matthews indicated that the Department was "studying carefully" the extent to which a rapprochement between Tito and the Kremlin appeared to be underway, although they had come to no firm conclusion. A further aim was to strengthen the awareness of the Soviet threat to the free world, and to strengthen resistance to it. To achieve these aims called for the maintenance within the USA of a high degree of political unity and economic stability, coupled with the maintenance of the necessary military strength, including giving priority to research and development.

7. Central to American policy was the complex system of collective security arrangements slowly forged over the last ten years. The importance of these arrangements was not reduced by the prospects of the development of the ICBM. For example, although the military strength of SEATO was not very great, the psychological value of this association was of real importance for the countries in the area. Coupled with these military regional arrangements, was the world-wide system of economic aid, and the information and cultural programmes, directed to strengthening the Free World and, to the extent possible, to encouraging the satellites to develop a greater measure of independence.

8. In this broad context, the UN had significant functions to perform. It could act, as in the case of Hungary, to focus attention on communist misdeeds. Secondly, it could provide a place where tensions within the Free World might be reduced. Matthews referred particularly to the presence of an Afro-Asian "bloc". While on colonial issues this group of states tended to vote as a unit, on broader issues there was less solidarity than was frequently thought. In the State Department view, it was wiser not to assume the rigidity of the Afro-Asian bloc, since this assumption was not wholly justified, and since acting on this assumption would only serve to strengthen the bloc tendency. This was one reason, among others, why the State Department was skeptical of too close or too overt NATO cooperation in UN matters. Finally, the UN was a forum in which limited negotiations with the Russians might be possible. The State Department was giving some attention to its policy on exchanges with the USSR, recognizing that this was a difficult problem, since exchange arrangements had always to be measured against security considerations. Exchange arrangements which would work for countries like the USA and Canada might cause real difficulties in other areas of the world.

9. In replying briefly to this general outline, the Under-Secretary referred to Canada's geographical position between the two great world powers, and to the fact that we were inevitably affected by the policies of our powerful neighbours. A threat to the security of the USA involved Canada at once, and we therefore welcomed this outline and would comment on the situation on particular problems and in particular areas in the course of the discussion.

[N.A.] ROBERTSON

---

[18] Voir/See *Documents on International Affairs, 1957*, London: Royal Institute of International Affairs — Oxford University Press, 1960, pp. 516-520.

128. DEA/50219-AE-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2093 Washington, October 1, 1957

TOP SECRET. PRIORITY.
For Under-Secretary

MEETINGS OF CONSULTATION — (ITEM 4) DISARMAMENT

On the subject of disarmament, in which the interest and contribution of the Canadian side was well known, Matthews (Policy Planning) affirmed that USA policy was to give firm support to the Four-Power proposals worked out in the Sub-Committee,[182] and to the Four-Power Resolution now before the Assembly.[183] The Western position was not perfect, but represented a sound and negotiable group of proposals, and a useful point of departure. It was the hope of the USA that these proposals would emerge from Assembly consideration in pretty much their present form. In particular, the USA could not accept an isolated ban on nuclear weapons testing; the very real advantages in continuing testing (e.g., the development of tactical weapons, etc.) could only be given up in exchange for agreement on an effective cessation of new nuclear production for weapons purposes.

2. On the composition of the Sub-Committee and the Disarmament Commission itself, the State Department thought that the present membership of each was essentially logical and reasonable, since these bodies included those countries "most directly concerned." The Department would much prefer that no change should take place in membership, and in particular would deplore any development which might take Canada off the Sub-Committee. It was considered that the composition of these bodies had little to do with the central question of whether the USSR would be prepared to participate in a real negotiation.

3. In the subsequent discussion of disarmament, the Under-Secretary referred to the progress which had been made, particularly in the last session and to the fact that the increasingly technical character of the discussions made it more difficult for Canada to make a useful contribution. While we did not wish to avoid our responsibilities, at the same time we did not wish to stay on the Sub-Committee if by so doing we were in any way preventing progress. We were prepared to agree that an increase in membership would complicate matters. But on the other hand, it was our calculation that the Indian proposals for widening the membership of the Sub-Committee had a good chance of going through at the present session and perhaps of gaining a two-thirds majority. On disarmament, our fundamental view was that our best contribution lay in doing what was possible to facilitate direct negotiations between the two powers most directly concerned. Mr. Robertson took up the discussion to point out that the UN forum has made possible useful direct discussions with the Russians, and has provided an umbrella under which negotiations could take place. In the Canadian view, private bilateral discussions between the USA and the USSR must have a special place, and the question of membership of UN committees

---

[182] Voir/See Volume 24, Document 117.

[183] Voir volume 24, les documents 125 à 127./See Volume 24, Documents 125-127.

was basically irrelevant to the central problem of creating conditions in which an effective negotiation is possible.

4. There was some brief discussion of the role of NATO, and it seemed to be agreed that while NATO consultation was valuable and necessary in some respects and should be continued, it should not be pushed to the point of imposing a barrier on future negotiations either bilateral or in the Sub-Committee.

5. Finally, the Canadian side raised a suggestion which we had discussed earlier informally within the delegation. Mr. Robertson referred to the earlier American proposals of 1956 (to which the USSR had not responded) for the setting apart of small test pilot areas in the USA and in the USSR for a trial of inspection techniques. He wondered whether it would not be fruitful to begin with joint USA-Canadian studies on a technical and service level to examine the practical problems involved in overflight and inspection systems. Thus, consideration might be given to a joint pilot study of an industrial complex in the USA, and possibly of some appropriate zone in the Arctic. At a later stage, the other Western partners in the Sub-Committee might be invited to cooperate in these practical technical studies. This suggestion would fit in with an approach which we hoped to make shortly on the military side for a joint examination of some of the problems involved in Arctic inspection. In this context, General Foulkes emphasized the Canadian view that the more extensive ground control arrangements envisaged in connection with a European inspection zone did not apply to Arctic conditions.

6. While the USA side could not give any definitive comment on the Canadian suggestion, our impression is that their first reactions, including the first reactions of Sprague, the Defence Department Representative, were quite favourable, and we may expect to hear more of this suggestion. One sidelight on our suggestion, which was brought out by Matthews of the Policy Planning Staff, was the indication that, at planning levels within the department, they had been thinking of the possibility of proposing some form of arms control agreement and joint inspection to cover the contested border areas (presumably including Kashmir) between India and Pakistan. He thought it worth mentioning this suggestion to us, (which has not in any sense reached the stage of a final proposal), because of our Commonwealth connections.

[N.A.] ROBERTSON

---

129. DEA/50219-AE-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2094 Washington, October 1, 1957

TOP SECRET. PRIORITY.
For Under-Secretary

MEETINGS OF CONSULTATION — (ITEM V) FAR EASTERN SITUATION — OBSERVATIONS BY MR. HERTER ON HIS TOUR

This was one of the most interesting parts of the discussion, mainly because of Mr. Herter's frank and perceptive report of his personal impressions. En route to the Far

East, he said that he had been briefed by the USA military authorities in Hawaii, who were particularly concerned at the possibility of a deterioration in the position, particularly in Korea and in Formosa. Despite large military forces in being in these two important areas, there were other factors at work which could adversely affect the internal situation in each, and the military appreciation had pointed to the difficulties in the way of holding the position indefinitely.

2. As a result of his recent and direct experience, Mr. Herter said he now shared this concern about the position in Formosa and in Korea. He made it clear that in so doing he based his views not only on American military appreciations on the spot, but also on the general intelligence available about conditions in these areas through UK sources in Hong Kong.

3. In Formosa, although army morale was still good, and the forces (including the air forces) well equipped, Chiang was getting no younger and his position was not strong among the offshore Chinese. The low wage rates in the army (a common soldier received 75 cents a month) and the civil service opened up possibilities of corruption and graft, of which some were no doubt taking full advantage. The country was held together by a sense of mission based upon the hope of an eventual return to the mainland, and the maintenance of a "Free China." Since this, however, was a distant hope, the situation, so far as morale is concerned was precarious. In the minds of the nationalist Chinese the offshore islands were completely identified with Formosa. Their loss would be a great blow to the Formosan régime and to the morale of its army, probably leading to the loss of Formosa itself to the Communists.

4. (A military briefing which preceded Mr. Herter's report had outlined Communist China's military progress over the past few years, including the building up of a jet air force and a small navy. In particular, Chinese Communist military strength had improved in the Taiwan Straits area where they had constructed seven airfields and a railway to Amoy. Their ability to launch attacks against the offshore had thus been greatly improved. In view of the above, the USA side indicated that the offshore island situation was still in their opinion potentially dangerous and should be carefully watched.)

5. In Korea, Mr. Herter said the South Koreans were closer to the enemy. Even here, however, the weakening position of the ageing Syngman Rhee and the uncertain calibre of his political opponents made it difficult to be other than pessimistic about the future. The recent local elections in Seoul (where the opposition had won 40 out of 52 seats) showed the strength of the Rhee opposition, which Herter thought had a good chance of winning the next national elections.

6. On the other hand, on the Chinese mainland itself, the Communist régime appeared to be facing very real problems. There was considerable evidence of discontent among the farmers over the malfunctioning of the land redistribution and farm collectivisation, and real shortages of foodstuffs over wide areas were creating serious problems. As in other Communist countries, there had been discontent among the intellectuals, including student groups, and there was also evidence that the over centralization of authority led to discontent within cadres of the Chinese Communist Party itself.

7. Turning to Southeast Asia, with the exception of Thailand and the Philippines which were partners in SEATO, and Indonesia (which he had not visited) Herter's impression was that the other states in the area, including Malaya, did not wish to align themselves with the USA in military pacts or arrangements. There was some feeling that they could in any event count in a major crisis on the USA deterrent and they were imbued with a desire to

assert their newly won independence. This, he thought, was not so much "neutralism" as a determination not to revert to their old colonial status.

8. Burma, for example, found itself in a very difficult squeeze, with a dearth of population and a substantial surplus rice crop. Yet he was convinced that the present Burmese Government, although anxious not to take up a public position (presumably in order not to offend Communist China) was definitely anticommunist and would remain so.

9. He had talked to President Diem in Saigon who had been worried mainly about Vietnam's borders with Laos and Cambodia. Any invasion route by the Vietminh or the Communist Chinese to the South would logically lie through these two countries, and Diem, therefore, was concerned at strengthening his internal roads and borders with these territories. Diem's firm opposition to Communism needed no underlining. In Thailand, as in many other countries in the area, the problem of succession was a difficult one. Malaya had begun its new life under good auspices, and it had a good chance of making the grade. Herter mentioned that Mr. Richard Casey, whom he had seen at Singapore, had made private soundings on Malaya's interest in SEATO membership, but had concluded that it would not be wise to raise this question at this time. The first thing the Malayans wished to do was to stand on their own feet. Throughout Southeast Asia, Mr. Herter thought that the overseas Chinese, while not a strong political force, were an overwhelming commercial force, and wanted to be left alone to the greatest extent possible. He remarked that the worst threat which could be made to an overseas Chinese was to speak of deportation to Mainland China.

10. Reviewing the overall position, Mr. Herter said that while he had undertaken this mission somewhat in the mood of a "doubting Thomas" (presumably with reference to traditional USA positions and attitudes), he now felt that the maintenance of support for an independent Formosa was vital, and that the USA had nothing to gain and a good deal to lose by any modification of its traditional policy with respect to recognition of the Formosan Government. It was necessary for many reasons to keep the idea of a Free China alive. He recognized that this policy, which required substantial outlays by the USA might be difficult to maintain, but he thought the effort must and should be made in the period ahead.

11. We asked whether he would make any distinction between the recognition issue and the loosening of China trade policies. On this his conclusion was that the expected increase in trade with mainland China would not materialize, and he found pessimism in places like Hong Kong on the score of what could actually be done in the trade field even with strategic controls relaxed. One illustration he gave was of recent arrangements concluded between Ceylon and Communist China for a rubber-rice exchange. Here the Chinese deliveries had run far behind schedule, and disillusionment in Ceylon had been the only result. In this connection, he added that the UK recognition of China[184] had not been matched by the grant of any preferred trading position, and he thought that the recent revision of the CHINCOM regulations[185] would now enable the debate between the USA and its allies on this subject to be assessed on a more realistic basis than heretofore.

12. Trade difficulties were of particular concern to Japan which faced very real financial problems. Despite the good quality of recent rice crops, the pressure of population in resources continued. The Japanese were particularly worried about American tariffs and

---

[184] Le Royaume-Uni a reconnu officiellement la République populaire de Chine le 6 janvier 1950.
The United Kingdom had officially recognized the People's Republic of China on January 6, 1950.

[185] Voir chapitre III, 3^e partie, section B.
See Chapter III, Part 3, Section B.

had been trying hard, although without too much success, to widen their markets in Southeast Asia. Finally, Mr. Herter was pessimistic about future election prospects in the Philippines, evidences of corruption, and the lack of any adequate leadership to replace the late President Magsaysay.

13. In conclusion, Mr. Herter said he was convinced that if the USA and free world position should weaken, there was a serious possibility that the position in Southeast Asia would deteriorate, and that the régimes in Korea and Formosa would lose hope and turn to the Communists. This, in turn, would have grave consequences for the independence of Japan which already had a strong Communist Party, although one which was under control at the present time. He saw, therefore, no real alternative to the present political and military policies now being pursued by the USA in the Far East. As he put it, it would be necessary to maintain "a stiff upper lip" in that part of the world for some time to come.

[N.A.] ROBERTSON

---

130. DEA/50219-AE-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2095 Washington, October 1, 1957

TOP SECRET. PRIORITY.
For Under-Secretary

MEETING OF CONSULTATION — (ITEM VI) MIDEAST SITUATION

The discussion on the Mideast began with a USA service briefing on the military situation in the area. We hope to send you a fuller account of the afternoon's briefing at a later date. In substance, it was pointed out that the Arab nations taken together, and even Egypt and Syria alone, had more troops and better military equipment than Israel. However, the better training of the Israeli forces and their greater efficiency made them capable at the present time of defeating any single Arab state or any combination of Arab states.

2. In discussing Israeli and Arab intentions (Matthews, Policy Planning Staff) it was emphasized that the main motivation of the Arab countries derived from their solidarity against Israel. This tended to overcome any fears they might have about Soviet penetration. There was no evidence of the intention of either Israel or any of the Arab nations to initiate military action within the next six to twelve months. It was considered that the Arab nations would wish to wait until the arms they had received from the USSR had been absorbed and until they were able to use them efficiently. The first indicator of an Arab intention to move against Israel would be an increase of fedayeen activity which might be undertaken in an attempt to provoke Israel into war. A dangerous possibility would be an Israeli decision to destroy the Arab forces before they had become sufficiently powerful to defeat the Israelis.

3. In the USA view the main Soviet interest in the area was to exploit existing tensions and to maintain them at a high level. There was no foreseen Soviet "user interest" in Mideast oil (at least over the next ten years) although the USSR would undoubtedly wish to place itself in the position of being able to deny Mideast oil to the West.

4. In his earlier review of "world diplomatic situations," Matthews had referred to Syria as an instance of nationalism having gone to dangerous extremes. The distance to which the present Syrian leadership was prepared to go in the direction of cooperation with the USSR showed how far the mood of nationalism could go in extreme cases. Admittedly in the case of Syria, as was true with all the Arab world, the problem of Israel created special and serious frictions, and made it more difficult to develop a concerted policy.

5. The Under-Secretary (Mr. Léger) said that the Canadian Government had welcomed the Eisenhower Doctrine,[186] and consider that it can play a useful part in strengthening the area. In applying it in practical situations, however, the USA faced many difficult problems.

6. He thought the description of Syria as a nation where nationalism had "gone wrong" was apt, and wondered whether there might be some action that could be taken to bring it back to the right road. The Under-Secretary then raised the question of whether it might be possible or desirable to try to move the Nasser Government from the Soviet alignment. Mr. Herter replied that the USA would indeed be anxious to have any reasonable discussions with Nasser that were possible. Experience, however, had seemed to show that his anti-Westernism and ambitions were so deep-rooted that useful discussions leading towards a modus vivendi were impossible. Therefore, the USA had decided that its only alternative was to try to limit his influence in the area. If Nasser showed any inclination to be "positively neutral" instead of positively pro-Soviet and anti-Western, there might be some hope for direct negotiations with him. Thus far the State Department did not see any basis for hope.

7. There was undoubtedly real worry among the other Arab governments about the Syrian situation. But the basic desire for Arab unity against Israel was so strong that this concern was easily overcome. The prospects of an Arab rebuff to Syria were therefore negligible. This was true even of such countries as Jordan and Lebanon whose leaders were concerned about Syrian subversive activity. Their leaders however (as the recent Damascus meeting attended by Saud indicated) were reluctant to take up a firm public posture.

8. In a brief discussion of the UN Emergency Force in the Mideast, the Under-Secretary pointed out that it was a police force and not a fighting force. Therefore in the event of hostilities in the area, and particularly in the event of an attack against the force, the Canadian Government would feel obliged to withdraw the Canadian component. General Foulkes pointed out that, in view of the fact that the Canadian contingent provides administrative support for the UNEF, this would mean the end of UNEF. There was a brief discussion (and general agreement on) the importance of persuading Israel to accept UNEF on the Israeli side of the demarcation line.

9. The Under-Secretary also mentioned briefly the problem posed for Canada last year by the Israeli request for F-86's.[187] This request had not been renewed, but if it were the government's reaction would no doubt be a cautious one.

10. The Under-Secretary then referred to the status of the Tripartite Declaration of 1951[188] which appeared to be no longer effective, and wondered whether, since the USSR is obviously now a power in the area, and would continue to be so, it might be useful to envisage Soviet participation in a discussion of the area with the objective of formulating a quadripartite declaration or guarantee. This he thought might tend to inhibit the more harmful

---

[186] Voir/See Document 313, note 69.

[187] Voir volume 22, les documents 32 à 73./See Volume 22, Documents 32-73.

[188] Voir/See Document 248, note 28.

Soviet activities in the area and force upon the Soviet Government some sense of responsibility. Matthews, in replying, said that the USSR had made it clear that they would enter into no agreement in the area which did not include the abolition of the Baghdad Pact. Although not a member of this Pact, the USA was most anxious that it should continue in existence and the Soviet demand in this regard was therefore quite unacceptable. Further, he saw no reason to believe that the USSR, with its historic ambitions in the Mideast, would agree to a "neutralization" of the area which would be implicit in such a declaration. Finally, there was the fact of Western Europe's dependence on Mideast oil. As had been said before, the main Soviet interest was to keep the trouble brewing.

11. The Ambassador, while agreeing that it would be extremely difficult to reach an agreement covering all the points of the Tripartite Declaration suggested that it might be possible to achieve an acceptable and useful minimum. While the arms control provisions would be difficult to apply on a Four-Power basis, a revision might take the form of a joint undertaking to oppose aggression in the area. Mr. Herter then reviewed the complexity of the problems including the fact that neither side accepted the present Israeli borders, that the Arabs were unified in their opposition to Israel and that Israel had made further statements, as for example on the need for 2,000,000 more immigrants, which tended to give substance to the view that Israel would seek to expand its borders. He thought therefore that the joint undertaking of the kind referred to by the Ambassador would do little to solve the fundamental troubles. The Ambassador thought that the complexity of the problems and the intransigent attitude of the Mideast nations made it all the more essential that further efforts should be made to associate the Powers with permanent seats on the Security Council in a guarantee against aggression from any quarter. Mr. Herter said he thought this would be difficult since the USSR was only interested in keeping the pot boiling, to which the Ambassador replied "Yes, but not boiling over."

[N.A.] ROBERTSON

---

131. DEA/50219-AE-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2096 Washington, October 1, 1957

TOP SECRET. PRIORITY.
For Under-Secretary

MEETINGS OF CONSULTATION — (ITEM VII) NATO MATTERS

The Under-Secretary (Mr. Léger) referred to the fact that while in NATO, the recommendations of SACEUR were considered by the Permanent Council representing NATO governments, it had struck him that in connection with the new integrated air command, the ultimate responsibility of the two governments was perhaps less clearly defined. He, therefore, welcomed the assurance (which was given by the USA representatives) that the terms of reference of the two commanders now in preparation would be submitted to the respective Chiefs of Staff, and through the Chiefs, to governments for final approval.

2. Mr. Léger also raised the question of the state of USA studies mentioned briefly by Mr. Dulles at the NATO Council in May, and later at his press conference on July 16,[189] concerning the establishment of stockpiles of atomic weapons throughout various NATO countries. The discussion (in which General Twining participated) indicated that USA plans were proceeding fairly rapidly in this field. General Twining hoped the picture would be clearer "in the next few weeks," and that it would be possible to outline USA plans by the December meeting of the NATO Council.[190] It was made clear that no change in existing USA legislation was envisaged, that stockpiling was envisaged not for Western Europe alone, but for the "NATO area" (including North America), and that the essence of the problem was to obtain agreed facilities for storage, with the USA retaining control and responsibility and "holding the keys."

3. In indicating that we would welcome further details, the Under-Secretary mentioned our concern over the "fourth country" problem. If it were possible, for example, to convince the French that they would participate in a scheme for stockpiling nuclear weapons, they would be less likely to embark on an independent nuclear arms programme. Mr. Léger also referred to the recent conclusion of negotiations with West Germany for the sale of 500 tons of unprocessed Canadian uranium during the next five years, subject to the conclusion of adequate arrangements guaranteeing its use for peaceful purposes.[191] While we wished to find suitable markets for our uranium production for peaceful use, we recognized the defence needs for some safeguarded plan for nuclear weapons stockpiling.

4. Elbrick, (Assistant Secretary for European Affairs) expressed the view that the establishment of a NATO nuclear weapons stockpile would not necessarily induce the French, for example, to forego their own programme, although it would be a strong argument for so doing. General Twining added that the control point of French anxiety was the fear that the Germans might at some point start their own weapons programme. It was recognized that these were additional considerations in support of a plan for nuclear weapons stockpiling under NATO auspices.

5. Further discussion concerning USA plans for nuclear weapons stockpiling as these might specifically relate under agreements to Canada at some future time is reported in our separate message dealing with continental defence.

6. Finally on NATO matters, the Under-Secretary referred to the increased importance of political consultation in the NATO Council, and to our view that this should be encouraged, particularly through the active efforts of the major powers. It was recognized that much had been done since the report of the three wise men, and more could be done in future. Elbrick raised a curious point as to whether if word of the meeting of consultation were made public, it might not be necessary to make a brief report to Council. There was little enthusiasm for this course, mainly on grounds that Canada-USA constituted a recognized regional group in NATO and had common problems to discuss.

7. There was unfortunately little opportunity for a discussion of the implications of Mr. Dulles' recent article in *Foreign Affairs*,[192] and in particular the aspect of his views put forward in its Section IV on USA strategic and tactical doctrine.

[N.A.] ROBERTSON

---

[189] Voir/See United States, Department of State, *Bulletin*, Vol. XXXVII, No. 945, August 5, 1957, pp. 228-235.

[190] Voir volume 24, chapitre II, 2ᵉ partie./See Volume 24, Chapter II, Part 2.

[191] Voir/See Volume 24, Document 546.

[192] Voir/See John Foster Dulles, "Challenge and Response in United States Policy," *Foreign Affairs*, Volume XXXVI, No. 1, October 1957, pp. 25-43.

132. DEA/50219-AE-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2112 Washington, October 3, 1957

TOP SECRET. PRIORITY.
Reference: Our Tel 2091 Oct. 1.
For Under-Secretary

MEETINGS OF CONSULTATION (ITEM 2 & 3) — CONTINENTAL DEFENCE THREAT TO NORTH AMERICA

1. The threat to North America as outlined at the meeting contained no major differences from current Canadian and joint USA-Canadian intelligence estimates. It was emphasized that for at least the next ten years the main threat would be from manned bombers, supported in the latter part of the period by guided missile submarines and ICBM's. The first operational Soviet ICBM is expected to be available in 1960-61. In response to a question from General Foulkes as to the exact status of the Soviet long range bomber programme we were informed that the USA intelligence community is presently examining this question and the signs are that previous estimates of the size of the Soviet long range air force will be reduced. This does not, however, alter the fact that the threat over the next ten years or so will be mainly from the manned bomber.

Warning of Attack

2. The briefing on intelligence warning of attack was based on a national intelligence estimate already available to us and pointed out that there would probably be no definite intelligence warning prior to a Soviet attack. The question of successive intelligence warnings in a period of rising tension was not discussed.

3. General Foulkes raised the question of whether military forces would be able to act on a warning supposing that, as SHAPE believed it might, this came 30 days prior to an attack. It was his view that, because of the danger of provoking the Soviet Union by military deployment in response to a false intelligence warning, it might be politically undesirable to react to any warning. Therefore he thought that our forces must be maintained in a state of constant readiness so that no obvious mobilization action would be necessary in order to meet an initial Soviet attack. General Twining, while agreeing that the air defence forces should be maintained in constant readiness thought that some deployment action could be taken if there were a substantial period of warning. For example, it would be possible to deploy certain air defence and strategic air command forces and to take preparatory logistical measures. USA forces are normally exercised frequently enough so that such moves would not be provocative. General Foulkes also commented on the tendency to regard Western Europe and North America as two separate areas for the purpose of warning of attack and alerts; this he thought was a mistake. The various NATO staffs should think in terms of the NATO area as a whole since the warning problem in Europe could not be divorced from that in North America. General Byers (Department of Defence) referred to the complexity of the NATO alert question, giving as an example of contributing factors

the unwillingness of Turkey and Greece to give up their alert declaration powers, which tended to make the system very unwieldy.

Continental Air Defence

4. The present state of the Continental Air Defence arrangements was reviewed and the various seaward extensions and progress in other planned facilities discussed in some detail. Reference was made to the fact that the USA Defence Department had recommended appropriate wording for the USA-Canadian agreement on consultation on alerts.[193] The Under-Secretary later welcomed the fact that progress was being made in this matter which we regarded as being of particular importance in the absence in North America of the political controls which apply in other NATO areas. It was reported that the integrated Air Defence Command became operational on September 12, 1957, and that its terms of reference were to be submitted to the Chiefs of Staff in the near future. The Under-Secretary commented that these terms of reference would, of course, be subject to final governmental approval and was given an assurance on this point.

Storage of Nuclear Weapons in Canada

5. In the course of the above discussion, it was stated that the USA Government intends to approach the Canadian Government with a request for approval to station a squadron equipped with MB-1 nuclear weapons at Goose Bay.[194] General Foulkes outlined the difficulties which would face the Canadian authorities in complying with such a request in the near future, pointing to the need for careful prior study, and for revision of relevant Canadian regulations before nuclear weapons could be stored in Canada. He thought this process would take some time and asked that any proposals of this kind should be deferred. The USA side then emphasized that this was only a planning proposal, that General Foulkes' statement would be taken fully into account before any firm proposal was made, and that the present planning date for the establishment of these squadrons was 1959. General Foulkes also referred to the existing extension of the agreement regarding the overflight in emergency situations of USA squadrons equipped with nuclear weapons. He reminded the USA side that we had hoped it would be possible to discuss the outline of a permanent agreement well before the present arrangements expire so that it will not be necessary to proceed on a short term basis. Elbrick (Assistant Secretary for European Affairs) referred to USA proposals for discussions in Ottawa in the near future on the technical aspects of air defence at which time he was hopeful that the Goose Bay problem would also be explored. The Under-Secretary explained that the problem of eventually stockpiling nuclear weapons in Canada could be more satisfactorily dealt with if it were treated as part of the wider problem of stockpiling nuclear weapons on a NATO basis rather than solely in the context of USA-Canadian Air Defence (this subject is covered more fully in separate telegram).[195]

Development of the Air Defence System

6. In discussing the future of the Continental Air Defence System, General Foulkes warned against the danger, particularly in the period up to 1962, of making marginal improvements to our present air defence system at considerable cost. He wished to confirm the present status of the Soviet bomber programme in order to establish whether the period between the present and 1962 was one in which it would be possible to take calculated risks in order to be in a better position to meet the rather more complex threat after that

---

[193] Voir 4^e partie, section C de ce chapitre./See Part 4, Section C of this chapter.

[194] Voir 4^e partie, section D de ce chapitre./See Part 4, Section D of this chapter.

[195] Voir/See Document 131.

period. He thought that the Russians were unlikely to go to war deliberately until they had completed development of the ICBM with which they were apparently now having some success. He therefore proposed that all air defence projects put up by the new integrated command should be referred to the Joint Study Group before going to the respective Chiefs of Staff for approval. In addition, it would be useful if the Joint Study Group could make use of the experience of the USA weapons system evaluation group in reviewing any new proposals. He believed that there is a good deal of popular misunderstanding of the value and effectiveness of the present air defence system, particularly since the recent Soviet ICBM announcement[196] which has tended to lead the public to believe that the manned bomber is now obsolete. He therefore thought it important that an agreed concept of continental air defence should be worked out between the two countries to form a basis for future planning by the air defence commanders. This concept might also be used for any public statements by ministers and officials on the problem.

7. Essential features of such a concept would be related to the principles of unity and flexibility. By this he meant that there should be one system sufficiently flexible to meet all the various types of threat which had been reviewed. He was anxious that the anti-ICBM defence should not be approached as a separate problem but as an extension of the present system, using wherever possible facilities already in existence. He believed that by putting the overall control of continental defence under one authority we could ensure that the introduction of new forms of defence against new threats would be made in the most economical way. This was essential in view of the increased costs of equipment in this field and the prospect of serious budgetary troubles over the next few years. The setting up of the Joint Air Defence Command had been a substantial step forward and it had now become essential to examine all new proposals carefully and to fit them into an integrated scheme thereby effecting considerable economies.

8. It was confirmed by General Twining or by his representative that the views of the USA Joint Chiefs were substantially the same as those of General Foulkes. No difficulty was anticipated in meeting the Canadian proposals, particularly those concerning the use of the USA weapons system evaluation group and the development of an agreed air defence concept. It was understood that General Twining also shared the view that there was a real danger in making costly marginal improvements in our present defence systems, and that he thought every effort should be made to avoid this so that the best use might be made of our joint resources.

[N.A.] ROBERTSON

---

[196] Voir/See *Documents on International Affairs, 1957*, London: Royal Institute of International Affairs — Oxford university Press, 1960, pp. 159-161.

SUBDIVISION II/SUB-SECTION II

WASHINGTON, 19 NOVEMBRE 1958
WASHINGTON, NOVEMBER 19, 1958

133. DEA/50219-AE-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2864 Washington, November 21, 1958

TOP SECRET. OPIMMEDIATE.
For Under-Secretary
Repeat CCOS from Ottawa (OpImmediate) (Information).

MEETING OF CONSULTATION

Following is our draft record of the Meeting of Consultation between representatives of the Canadian and USA Governments held on Wednesday November 19.

The meeting which was held in the State Department under the Chairmanship of Mr. Robert Murphy, the Deputy Under Secretary of State, was attended by:

Mr. Christian A. Herter, Under Secretary of State; General Nathan Twining, Chairman, Joint Chiefs of Staff; Mr. Richard B. Wigglesworth, USA Ambassador to Canada; General H.B. Loper, Chairman, Military Liaison Committee, AEC; Mr. Livingstone Merchant, Assistant Secretary, European Affairs; Mr. J.N. Irwin, Assistant Secretary of Defense for International Security Affairs
for the USA Government, and by
Mr. N.A. Robertson, Under-Secretary of State for External Affairs; Mr. A.E. Ritchie, Chargé d'Affaires a.i., Canadian Embassy; General C. Foulkes, Chairman, Chiefs of Staff; A/V/M M.M. Hendrick, Chairman, CJS(M); Mr. S.F. Rae, Minister, Canadian Embassy; Mr. P.E. Uren, First Secretary, Canadian Embassy
for the Canadian Government.

2. The following USA officials were also present:

Mr. Woodbury Willoughby, Director of the Office of British Commonwealth and Northern European Affairs; Brigadier General J.F. Whisenand, Special Assistant to the Chairman, Joint Chiefs of Staff; Mr. Raymond F. Courtney, Office of the Special Assistant to the Secretary of State for Disarmament and Atomic Energy; Mr. Larue R. Lutkins, Deputy Director, Office of Chinese Affairs, State Department; Mr. James P. Parker, Canadian Desk, State Department.

3. The agenda of the meeting consisted of 4 main items as follows:

(1) Problems connected with acquisition and control of defensive nuclear weapons in Canada.

(2) Problems connected with declaration by CINCNORAD of increased states of military readiness.

(3) Other matters to be considered by Canada-USA Committee on Joint Defence.

(a) Future role of Permanent Joint Board on Defence.

(b) USA proposals for reactivation of Combined Policy Committee.

(c) Integration of Canada-USA defence production.

(d) Cost sharing arrangements with respect to immediate programmes in the Continental Air Defence field.

(e) Administrative arrangements for December meeting of Canada-USA Joint Committee on Defence.

4. *The Far Eastern Situation.* Mr. Herter opened the meeting at 10:30 a.m., welcoming the Canadian visitors, and then turned the Chairmanship over to Mr. Robert Murphy. Mr. Herter remained for part of the discussion on item 1 of the agenda.

Problems Connected with the Acquisition and Control of Nuclear Weapons in Canada.

5. General Foulkes opened the discussion of this subject by referring to the various types of nuclear weapons which are required by the Canadian forces, including in particular the requirement for nuclear warheads for the Lacrosse guided missile for use by the Canadian Brigade in Germany and for Bomarc missiles for use by the RCAF. He also referred to the future need for air-to-air and anti-submarine nuclear weapons. He said that we were hopeful that procedures similar to those being worked out in NATO for storing nuclear weapons in Europe could be applied in North America. This, he thought, would have the important advantage of making it easier to explain USA-Canadian cooperation in this field to Canadians and to our NATO allies. If these procedures were adopted we could presumably enter into direct negotiations with SACEUR with regard to storage and custody of warheads for the Lacrosse in Europe. In North America CINCNORAD could hold the weapons in substantially the same fashion as SACEUR, with the exception of anti-submarine weapons which would be under the control of SACLANT. Ultimately there might be a requirement for anti-submarine weapons on the West Coast of Canada which might be assigned under the authority of CUSRPG, but this requirement was not so urgent as the other mentioned.

6. General Twining replied by saying that he foresaw no difficulties in devising procedures of the kind referred to by General Foulkes and that the USA Joint Chiefs were currently working on the problem. General Loper pointed out that the main difficulty in devising arrangements of this kind was to arrive at satisfactory conditions under which nuclear weapons might be released to operational forces. He thought that the rules for release in North America might well be different in detail from those which we might wish to apply in Europe. He referred in particular to the case in which a single man handles the weapon.

7. General Foulkes acknowledged this fact but emphasized that he had in mind following the NATO procedures only in a general way and that the actual details of custody with respect to North American air defence arrangements could be worked out with General Partridge. A general intergovernmental note of the kind which we had thought might be exchanged with the USA Government would include the following provisions: that custody should be vested in the USA Government until the weapons were released by the President; that Canada would be prepared to provide the storage facilities, including any special security arrangements which might be necessary; and finally, that precise operational details would be worked out with the operational commanders (CINCNORAD, SACLANT and SACEUR). General Foulkes said that the Canadian Government would probably wish to make some kind of announcement indicating [group corrupt] matter after it had been considered further by ministers in Paris and when the House of Commons reopened in January. Apart from this, however, there was no urgency about devising the specific details of control. Mr. Murphy and others on the USA side saw no difficulty in

such an announcement, provided it was kept in general terms. The Canadian side indicated that they hoped it would be practicable to clear any such announcement in advance with the USA authorities.

8. Mr. Irwin, the Deputy Assistant Secretary of Defense for International Security Affairs, pointed out that there was some danger in identifying the proposed Canada-USA procedure too closely with NATO arrangements, since later requirements might necessitate considerable divergence from NATO arrangements and there might be difficulty in achieving this if the NATO line had been followed too closely in the first place. Mr. Robertson and General Foulkes both emphasized that, in any public statement that might be made by the ministers, we had in mind only a general reference to NATO procedure which need not imply a complete parallel in details of operation. Mr. Robertson also referred to two aspects of this problem which he thought were of prime importance: first, that the Canadian Government would find it more acceptable to make special arrangements with the USA under the general umbrella of its NATO membership and secondly, that air defence technical problems in North America might very well be essentially different from those arising in Europe in connection with the question of storage of nuclear weapons. These were the two essential facets of the problem. The first could be met by a general statement referring to arrangements "substantially the same as those used in NATO" (this could be considered at the Ministerial Meeting) and the second by concurrent working out of detailed arrangements, peculiar to North America, directly with CINCNORAD and the other commanders.

9. Mr. Murphy and Governor Herter at this point re-emphasized the need to avoid what they referred to as "getting in a bind" by being tied too much to NATO in this matter. Mr. Robertson said that we had no intention either of taking a lead or of being laggard in this question as far as NATO was concerned, but rather wished to associate ourselves with similar developments in NATO in the general way to which both he and General Foulkes had previously referred. He concluded this part of the discussion by indicating that we would take the initiative in preparing a note along the lines referred to above.

10. General Foulkes then referred to the problem of salvage and safety in relation to SAC overflights of Canadian territory. He said that there had been a total of about 800 SAC flights over Canadian territory in the past year and that we were increasingly concerned about the lack of adequate salvage arrangements. He pointed out that he had the responsibility of certifying to the Canadian Government that adequate safety arrangements were in force. So long as SAC flights had been few in number, he had felt that the use of USA salvage facilities had been adequate. However, in the new situation of fairly frequent and numerous SAC flights, we were of the firm opinion that Canadian salvage facilities must be established. The increasing number of flights naturally increased the likelihood of accident on Canadian soil and in such an event we would, at the moment, be obliged to call for USA help with possible resulting political embarrassment. He said that satisfactory discussions on this subject had recently been held with the appropriate USA military authorities and the USAF had agreed to train Canadian teams, but it was not clear whether all the necessary information for dealing with SAC accidents would be available. He asked for reassurance in this matter.

11. General Loper said that the conclusion of a new bilateral agreement on the exchange of nuclear information would be necessary under the new act to meet our point fully as outlined by General Foulkes. He referred to an example of information on the safety factors of the MK 90 torpedo being withheld from Canada in the absence of such agreement. He said that while the probability of an accident, for which Canadians were not already being adequately trained, was, in his opinion, extremely remote, he understood the need

for arrangements of the kind to which General Foulkes referred. He said that his office would, in the immediate future, take the initiative in drafting a new bilateral agreement on the exchange of nuclear information and that this should be ready sometime after March 10, since any new bilateral would require sixty days before Congress. It would be similar to the UK agreement but would not include design information. Subsequent additional training of Canadian teams would be necessary.

12. General Twining then made a specific reference to the relation between the subjects which had been already discussed and the storage of MB-1 nuclear weapons in Canada on behalf of the USA. General Foulkes said he thought we would be ready to go ahead with this as soon as we were in a position to say publicly that arrangements were also under way for the similar storage of nuclear weapons for Canadian use. He said that he understood from General Partridge that this would meet the USA requirements. General Twining confirmed this.

13. Mr. Merchant, referring to the earlier part of the discussion, then asked whether the intergovernmental agreement to which General Foulkes had referred, on transfer and custody of nuclear weapons, would be arrived at first, or whether he envisaged concurrent agreement on this exchange of notes and on the technical details to be worked out between appropriate commanders. General Foulkes assured him that the general cover agreement could be concluded in advance of the technical agreement and that we would be prepared to go ahead with storage of the MB-1 in Canada without waiting for agreement on the technical annexes. Mr. Irwin asked whether we envisaged an agreement covering both defensive weapons and strategic offensive nuclear weapons (at Goose Bay). Mr. Robertson pointed out that we would have more difficulty in the matter of components for strategic offensive weapons and thought that this problem might be deferred pending satisfactory arrangements in the other categories.

14. Mr. Murphy then referred to the XYZ procedures and asked whether they were, in our opinion, satisfactory. General Foulkes said he thought that the wiser procedure was too cumbersome and was due for overhaul. He thought that in future SAC should submit its requirements to the Canadian Government on a programme basis for three or six months and that clearances for individual flights should then be made on a service to service basis. Mr. Murphy, General Twining and General Loper all expressed satisfaction with this proposal and General Twining promised to make a suggestion to the Canadian authorities along these lines in due course.

15. General Twining then referred briefly to MB-1 overflights and inquired as to our view on this matter. General Foulkes pointed out that the agreement on this subject runs until July 1959 and before that time the position would have to be reviewed as a separate item. In this connection we understood that CINCNORAD had some new proposals. The USA authorities would be making further proposals to us concerning MB-1 overflights before the expiry date.

Problems Connected with Declaration by CINCNORAD of Increased States of Military Readiness

16. General Foulkes opened the discussion of this subject by referring to the recent crises in the Mideast and the Far East which had highlighted the necessity for a clearer interpretation of the terms of reference of CINCNORAD in regard to his authority to declare increased states of combat readiness. He referred to the terms of reference of CINCNORAD and pointed out that CINCNORAD is authorized to "specify the condition of combat readiness, to include states of alert, to be maintained by all forces assigned, attached or otherwise made available including command forces, while under the opera-

tional control of CINCNORAD." He said there appeared to be three main aspects to this problem: first, that CINCNORAD should have authority to alert his forces on his own initiative for training purposes; second, that he should have authority to alert his command on his own initiative if the number of unidentified aircraft indicated the need; and third, in a period of increasing tension, the Chiefs of Staff were in the best position to advise CINCNORAD on the declaration of an alert because they were in a better position to obtain political advice and had at their disposal a greater volume of processed strategic intelligence.

17. We had therefore come to the conclusion that it would be necessary for the Chiefs of Staff of the USA and Canada to communicate to CINCNORAD an agreed interpretation of his instructions with regard to the declaration of alerts arising in the third category listed above. We recommended that the instructions should follow the lines that General Foulkes had suggested above. Mr. Irwin pointed out the difference between an alert and an increase in the state of combat readiness and stated that this was a matter which was under study in the USA Defence Department. He thought that the formula suggested by General Foulkes might turn out to be too inflexible and that therefore all that could be safely said at present was that the matter was under study. General Twining emphasized that the USA Joint Chiefs always wished to be consulted in connection with states of alert, if only because of the cost involved, even in increased states of operational readiness. In general, General Twining appeared to be favourably disposed towards General Foulkes' proposals, although his attitude was somewhat modified by the remarks of Mr. Irwin. There appeared to be general agreement, however, that CINCNORAD's responsibilities in this matter should be clarified.

18. General Foulkes also referred to the question of the deployment of SAC aircraft to refuelling bases in Canada in the event of increasing tension. This he thought was far more serious than the question of alerting NORAD because of the possible Soviet reaction to such deployment. He thought that the Soviets might very well estimate that the forward deployment of SAC aircraft was the fore-runner of a deliberate pre-emptive strike against the USSR, and that therefore such deployments could seriously increase the danger of miscalculation. He believed that it was absolutely essential that there should be consultation prior to the deployment of SAC aircraft. General Twining undertook to study this problem and make appropriate recommendations.

19. In connection with the discussion on consultations in periods of increased tension, Mr. Robertson observed that in such circumstances, State Department and External Affairs should also be in close touch. Mr. Murphy agreed.

20. Before concluding the discussion of this item, General Loper intervened to point out, in connection with item 1, that under the law there was no restriction on the release of non-nuclear items to Canada, such as check-out kits. He thought that the new bilateral agreement to which he had previously referred should provide specifically for the transfer of such non-nuclear items to Canada, since these would be essential for the training and preparation of Canadian crews, as well as dealing with other aspects of USA-Canada cooperation in the atomic energy field.

Other Matters to be Considered by the Canada-USA Committee on Joint Defence

(a) *The Future Role of the Permanent Joint Board on Defence*

21. Mr. Robertson opened the discussion of this subject by referring to the historical importance of the PJBD's role in the coordination of USA-Canadian defence and said that he thought it was important to ensure that we continue to assign to PJBD a role in keeping with its demonstrated value. He said that possibly we might work toward the idea of

assigning topics of the kind discussed at this particular meeting of consultation for consideration by the PJBD in support of future ministerial committee meetings. By so doing the Meetings of Consultation could return to their original role which he regarded as being to perform a kind of watch function, surveying the various critical areas and situations in the world which were becoming of increasing concern to Canada. Mr. Murphy indicated the great value which the USA placed on the continuing work of the Board.

22. General Foulkes pointed out that the PJBD had been formed when there was no such thing as a Joint Staff either in Washington or London. Many of the problems which were originally assigned to the PJBD were currently resolved by direct consultation between the chairmen of the respective Joint Staffs, or between the Joint Staffs themselves. He said that the Canadian Joint Staff as such was not represented on the PJBD and that some re-arrangement of its membership and terms of reference was obviously necessary. He agreed that the original purpose of the Meetings of Consultation (i.e., the examination of "hot spots" in the current world situation) was an important one and it was desirable that it should be reverted to when adequate alternative arrangements existed for dealing with other matters. General Twining said that on the USA side the PJBD military membership was in fact responsible to the USA Joint Staff so that the problem which General Foulkes had outlined might be uniquely Canadian. Mr. Murphy suggested that it would be useful for the two chairmen of PJBD to attend the Ministerial Meeting in Paris. There was general agreement that this suggestion should be followed up.

(b) *USA Proposals for the Reactivation of the Combined Policy Committee*

23. Mr. Robertson said that the working arrangements established at the end of last year for the coordination on a tripartite basis of research and development had proved to be very useful and that he assumed that the revival of the CPC was primarily to provide an umbrella and a stimulus for this.[197] It was his expectation that the Canadian authorities would welcome the proposals to revive the CPC, and he hoped this matter would be settled in Paris if not before. In view of current developments in France, he wondered whether the USA might be concerned about the relationship of that country to the CPC and whether any thought was being given to casting the net wider.

24. Mr. Irwin said that Mr. Robertson's point of concern was politically valid but in their minds the security aspects so outweighed the political, especially in relation to nuclear affairs, that it was unlikely that cooperation in this field could be broadened. Mr. Murphy said that he thought the political risk of criticism from our other NATO partners was one that we were obliged to take, in view of these security considerations. He did not, however, anticipate any objections from General de Gaulle. Mr. Rae noted that the reactivation of the CPC did not create new machinery and that the position was that we were in effect continuing an agency which had been in operation for some years.

25. There followed some discussion of the question of publicity concerning the CPC. Mr. Merchant and Mr. Murphy both made it clear that the USA was anxious to avoid any publicity in connection with the CPC, while at the same time recognizing that we would have to deal with press reports as they arose.

(c) *Integration of Canada-USA Defence Production*

(d) *Cost Sharing Arrangements with Respect to Immediate Programmes in the Continental Air Defence Field*

26. These two items were considered together. Mr. Robertson emphasized the importance of this whole subject to the Canadian Government and noted that, in view of the various

---

[197] Voir/See Volume 24, Document 599.

specialized meetings which were being held, we could anticipate an interim report in this field for the Ministerial Meeting. Mr. Irwin said that the Committee of Assistant Secretaries appeared to be progressing in its work. Mr. Ritchie seconded this, stating that the atmosphere at the meeting on the previous day had been good and although the results remained to be seen the prospects were promising. He said that, although it was too early to anticipate the kind of discussion which might take place in Paris, it was to be hoped that there might be some fairly concrete results by that time. One problem relating to this whole question which appeared to him to be particularly important was the Buy American legislation. This, he understood, was up for review and we were hopeful that this review would result in a liberalization, at least with respect to Canada. Mr. Irwin agreed that the review of this legislation was vital to the whole problem.

27. General Foulkes said that arms were now getting so complicated and expensive that the Canadians were being priced out of the field. We need so few of any given item of equipment that the cost of production per unit was almost prohibitive. It was therefore essential that we should get into production of components and joint weapons.

28. Mr. Robertson added that the problem was broader than that of cost alone. There were many other aspects, including our capital investment in defence industry, our investment in specialized staff, the number of Canadians employed in defence industries and the desirability of the best possible utilization of North American resources.

29. General Foulkes said that under a production sharing system a Canadian industry would be able to contribute much more in hardware to continental defence than it could working independently. Mr. Murphy agreed that it was essential that we make the best possible use of our resources for defence. He said that he suspected that per capita defence production in the Soviet bloc was very much better than it was in the West.

30. General Foulkes said that part of the difficulty in cost sharing and production sharing was that the best scheme for cost sharing was sometimes the opposite from a desirable scheme for production sharing. For example, in cost sharing it would probably be logical for the Canadians to provide buildings and fixed installations. This would, of course, leave the production of equipment to the USA which would be contrary to the concept of production sharing.

31. Mr. Irwin said that the Defense Department was fully conscious of our problem and was earnestly studying it. Mr. Murphy confirmed this and asked General Twining to give a brief account of the procurement problems facing the USA services. General Twining said that the three USA services had originally been instructed to proceed on individual research and development lines but costs were now such that it was necessary to be highly selective in sharing research, development and production between the services. This problem, he thought, was essentially the same as that between Canada and the USA. He said that up to now the USA Joint Chiefs had not been greatly involved with the USA-Canadian aspect of this problem, but henceforth he would take a greater interest in it. Both Mr. Robertson and General Foulkes emphasized that anything he could do to hasten progress would be greatly appreciated.

(e) *Administrative Arrangement for the December Meeting to the Canada-USA Joint Committee on Defence*

32. There was a brief discussion of the political difficulties associated with any publicity for this meeting. Mr. Merchant said that the USA Government was anxious that there should be no public release in Paris. He suggested that the Canadian ministers might announce the Paris meeting on their return to Ottawa. Mr. Robertson said that he thought this might meet the position.

Far Eastern Situation

33. Consideration of this item was preceded by a briefing given by a Lieutenant-Colonel of the Directorate of Intelligence of the USA Joint Staff. The briefing was primarily concerned with detailed order of battle information for the various countries of the Far East. It appeared that, in general, these countries, with the exception of the GRC, North Vietnam and Communist China, possessed armed forces insufficient to do very much more than maintain internal security, although it was estimated that South Vietnam could withstand an attack from North Vietnam for a period of about five weeks. The military build-up in Japan was described as disappointing, largely as a result of the political difficulties facing the government in connection with defence.

34. The briefing officer traced the history of the Government of the Republic of China in familiar terms. He mentioned that daily overflights of mainland China by Nationalist Aircraft had been virtually daily occurrences since the retreat of the GRC to Taiwan. He described the garrison on the Chinmens as consisting of 6 infantry divisions, 1 tank battalion and 1 artillery group. There were 23,000 GRC troops on the Matsus and the GRC had a total of 600,000 personnel in its armed forces. He said that while the USA Government had restrained the GRC from direct attacks on the mainland, it had permitted counter-battery fire and coastal air patrols.

35. Since the resumption of large scale artillery attacks against the Chinmens, the USA Government had authorized 347 million dollars in additional military aid to the GRC. This aid would include, 145 high-performance fighters; (F86's and F100's); 16 — C119 transports; 130 landing craft; 3 LSTs; 2 LSMs; 20,000 cargo chutes; 8 BARCs (capacity 60 tons or 200 troops); 12 — 8" howitzers; 89 — 155 mm howitzers; 92 — 105 mm howitzers; 66 — M41 tanks; 155 sidewinder adapter kits; 380 Sidewinders; 55,000 M-1 rifles; 48 tractors; 1 Nike battalion.

36. In response to a question from General Foulkes, General Twining referred to his recent conversation with the Chief of the Chinese Nationalist Ground Forces. As he proceeded with his account of this conversation it was not entirely clear whether he was stating his own opinions or those of the Chinese Commander, but he gave the general impression that he was substantially in agreement with the Commander's views. It was estimated that the Chinese Communists had believed that they could take over control of the Chinmens solely as a result of artillery fire. They had over-estimated their capabilities in this regard and in spite of a maximum artillery effort their attempt had been a failure. This had been a great shock to them. It was now clear that they could not take the islands if the Chinese Nationalists decided to defend them resolutely. General Twining said that the Chinese Communists had had MIG 19s in the area but had not used them. There was no evidence of a Chinese air-to-air guided missile comparable to the Sidewinder and it was remarkable that no Chinese-made shells had been found. The Chinese Communists had used mostly Russian shells and some American. Chinese Nationalist counter-battery fire with 8" howitzers had been good and the supply of the Chinmens was no longer a problem since additional USA advice and equipment had been provided.

37. In response to a specific question, General Twining confirmed his previous statement that the Chinese Communist artillery effort against the Chinmens had been the maximum of which they were capable. He added that the Chinese Nationalists had not foreseen the Communist attacks although they had some intelligence warning. It was estimated that faulty Communist intelligence about declining morale in the GRC may have encouraged the Communists in their attempt against the Chinmens.

38. In response to a question from Mr. Robertson, Mr. Murphy said he believed there had been a definite change in the Chinese Communist attitude toward military action against the Chinmens [SIC] they were now in the process of examining the grounds for the reverse they had suffered. As an indication of this change he cited the dismissal of the Chinese Communist Chief of the Army Staff. He said there had been no change in the Chinese Communist attitude on the Warsaw talks but he estimated that they were not sure about their next step and a noticeable change might be some months in appearing. He thought Chinese Communist confusion was quite clear from a reading of the Chinese Communist Defence Minister's speeches. Shelling on alternate days, he added was a peculiar and novel refinement of aggression.

39. Mr. Robertson asked Mr. Murphy whether he thought the Chinese Communists might respond to a proposal to reduce the size of the Chinese Nationalist garrison on the Chinmens. Mr. Murphy replied that he thought they would not. The Chinese Communist position was that the struggle between the GRC and the People's Government was an internal matter, not subject to negotiations with the USA. Mr. Lutkins (Far East Division) confirmed that although the idea of a reduction in the size of the garrison had been introduced in the Warsaw talks, the Chinese Communists had rebuffed the suggestion.

40. General Twining said that the Chinese Nationalists had been continuously advised since 1955 that the maintenance of such a large garrison on the Chinmens was nonsensical. In response to a further question, General Twining said that the Chinese Communist logistical situation was not good, that their air fields were dependent on one railway which crossed a number of highly vulnerable, wooden bridges and these could be easily destroyed. In a brief discussion of the Soviet attitude towards the Taiwan situation, General Twining said that he considered that the Russians had authorized the Chinese Communists to see what they could do with artillery bombardment alone, but to go no farther. He was convinced the USSR was anxious to avoid a major battle in the area.

41. There was some discussion of the possibility of the attack on the Chinmens having been initiated in order to divert attention from the Mideast. Mr. Murphy agreed that this was one possible explanation, or contributory factor, in the situation.

42. Mr. Murphy concluded the discussion by saying that the effect on USA allies in the area of the success of GRC and USA policies had been very salutary.

SECTION H

RÉUNION DU COMITÉ MINISTÉRIEL CANADA–ÉTATS-UNIS SUR LA DÉFENSE COMMUNE, PARIS, 15 DÉCEMBRE 1958

MEETING OF CANADA-UNITED STATES MINISTERIAL COMMITTEE ON JOINT DEFENCE, PARIS, DECEMBER 15, 1958

134. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 9, 1958

Present:
The Minister of Public Works
and Acting Prime Minister (Mr. Green) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr) (for afternoon meeting only),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche) (for afternoon meeting only).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

DEFENCE MEETINGS IN PARIS; CANADA-UNITED STATES MINISTERIAL COMMITTEE ON DEFENCE; N.A.T.O. MINISTERIAL COUNCIL MEETING

4. *The Minister of National Defence* said that the Ministers of Finance and Defence Production, the Secretary of State for External Affairs and himself would be going to a meeting of the Canada-United States Committee of Ministers of Defence in Paris on December 15th, following which they would attend the usual December meeting of the N.A.T.O. Council in ministerial session. This would be the first meeting of the Canada-U.S. committee since it was established last summer[198] when President Eisenhower was in Ottawa. Advantage was being taken of the N.A.T.O. sessions to hold the Canada-U.S. committee meeting in Paris as well. Normally the latter could be expected to meet in North America. A number of important matters were to be considered at both meetings on which decisions of the Cabinet were required beforehand. These had been discussed by the four Ministers concerned, together with their advisers.

---

[198] Voir/See Document 9.

(Discussion on particular items to come up at these meetings is recorded separately below).

CANADA-UNITED STATES MINISTERIAL COMMITTEE ON DEFENCE; ACQUISITION AND STORAGE OF DEFENSIVE NUCLEAR WEAPONS IN CANADA (PREVIOUS REFERENCE OCTOBER 15)†

5. *The Minister of National Defence* recalled that officials had been authorized to discuss with U.S. officials the question of acquiring and storing defensive nuclear weapons in Canada for the use of Canadian forces and for U.S. forces stationed in Canada.[199] [one sentence was removed/une phrase a été supprimée] The U.S. officials had suggested that the matter might best be dealt with in a general exchange of notes which would cover the requirements of defensive nuclear weapons and include the following general provisions, [ten lines were removed/dix lignes ont été supprimées]

At the meeting in Paris it was proposed to follow up the whole matter with the U.S. secretaries. The items involved were warheads for Bomarc missiles in Canada and for Lacrosse weapons in Europe, MBI nuclear air-to-air rockets for use of the R.C.A.F. in Canada and for U.S. use at Goose Bay [two lines were removed/deux lignes ont été supprimées]

The central question of policy was whether Canadian forces should be as well equipped as U.S. forces alongside them and performing the same tasks. The U.S. authorities would probably raise the question of storage of offensive weapons at Goose Bay for the Strategic Air Command. Mr. Pearkes and the other ministers felt that this matter should not be dealt with until questions relating to the defensive armament for Canadian forces had first been settled. As regards Goose Bay, storage for SAC purposes was already available but it was empty and would remain so until the Canadian government said otherwise. It was not the intention of the U.S. Air Force that such weapons as might eventually be stored there would be used in initial strikes originating from North America but only as replenishment for aircraft going out on another mission once a war has started.

When the time came for the President of the United States to release the defensive weapons, this would presumably be released to the Prime Minister and the Canadian government could make what arrangements it wishes for further delegation of authority in regard to their use. At the moment he thought such authority might be delegated to the Air Officer Commanding, Air Defence Command. In what precise circumstances these weapons would then be employed would depend on the tactical situation. The Air Defence Commander's authority under NORAD extended not only to Canadian air defence squadrons but also to the two U.S. defence squadrons stationed at Goose Bay. The point to be remembered was that under U.S. law only the President could authorize the release of U.S. nuclear weapons, whether they were used by U.S. or other forces.

In essence, the proposal to be discussed with the U.S. secretaries involved the making of arrangements for storage in Canada of the weapons he had described to be available for use as soon as the President authorized their release.

---

[199] Pour des documents se rapportant à l'entreposage d'armes nucléaires en territoire canadien, voir 1ère partie, section D de ce chapitre.

For documents relating to the storage of nuclear weapons on Canadian soil, see Part 1, Section D of this chapter.

6. *During the discussion* the following points emerged:

(a) While only President Eisenhower could authorize the release of the weapons, in effect there had to be both U.S. and Canadian consent to their firing and no such weapons could be stored in Canada without the consent of the Canadian government. There could not be much more control than this.

(b) It would be impossible to agree to the storage of offensive nuclear weapons at Goose Bay until Canadian forces were in the position of being able to use as modern defensive weapons as U.S. forces. The U.S. secretaries would probably not press this matter in Paris, though it might be raised there.

(c) The Prime Minister had said it would be helpful to make a statement soon after the next session of Parliament opened that negotiations with the U.S. on this subject were in hand. It was hoped that a draft of such a statement could be discussed and agreed with the U.S. secretaries at the meeting and ready for the Prime Minister on his return.

(d) The arrangements for the custody and security of the weapons had yet to be worked out. [two sentences were removed/deux phrases a été supprimées]

(e) If Canadian forces were to be equipped with these weapons, unpleasant as that prospect was, the suggestions proposed seemed to be the best possible way of handling the problem.

(f) Whatever the government decided would be criticized. A good many Canadians would not want the weapons stored here for use by Canadian or U.S. forces under any circumstances.

(g) No final decisions were being reached at this time. All that was being sought was authority to discuss. It was true that this implied a commitment but the ultimate decision to store weapons for Canadian use had yet to be made.

7. *The Cabinet* agreed that ministers attending the Canada-United States Ministerial Committee in Paris be authorized to discuss with U.S. secretaries the acquisition of defensive nuclear weapons for Canadian forces and the storage of such weapons in Canada in accordance with the approach proposed by the Minister of National Defence.

CANADA-UNITED STATES MINISTERIAL COMMITTEE ON DEFENCE; STATE OF READINESS FOR NORAD

8. *The Minister of National Defence* said that, during the Middle East crisis last summer, CINCNORAD had ordered an increased state of readiness throughout his command. This had, of course, involved the R.C.A.F. and meant, for example, four aircraft being ready at the end of runways instead of the usual two, and more crew on station than was normally the case. NORAD's terms of reference in regard to specifying states of readiness had not been clarified and the situation which had developed in the Middle East made this necessary.[200] The ministers who had considered the matter felt that NORAD's power should be limited to declaring increased states of readiness for purposes of training his command and in the event of an unacceptably large number of unidentified aircraft within the warning system. When international tension increased there should first be consultation on the political, diplomatic, and Chiefs of Staff levels with the United States. Agreement with U.S. ministers would be sought on this point in Paris.

---

[200] Voir les documents 99 à 105./See Documents 99-105.

9. *During the discussion* the question was raised as to what would happen if, after consultation, Canada did not reach agreement with the U.S. that an increased state of readiness was required. In reply, it was thought that the ministers might propose that in such circumstances only the U.S. forces should be alerted.

10. *The Cabinet* noted with approval that at the meeting of the Canada-United States Ministerial Committee on Defence, agreement would be sought that CINCNORAD should only declare increased states of readiness on his own authority,

(a) for purposes of training his command (with due notification to Chiefs of Staff); and,

(b) in the event of an unacceptably large number of unidentified aircraft within the warning system.

CANADA-UNITED STATES MINISTERIAL COMMITTEE ON DEFENCE; PRODUCTION SHARING
(PREVIOUS REFERENCE SEPTEMBER 8)†

11. *The Minister of National Defence* said that good progress had been made in discussions with U.S. officials on the question of sharing in the production of modern weapons and equipment.[201] It was proposed to pursue the matter further in Paris and emphasize to the U.S. secretaries the importance of sharing in production.

12. *The Cabinet* noted with approval that at the meeting of the Canada-United States Ministerial Committee further discussions would be held on the sharing of production for defence.

CANADA-UNITED STATES MINISTERIAL COMMITTEE ON DEFENCE; COST SHARING OF AIR DEFENCE PROGRAMME
(PREVIOUS REFERENCE SEPTEMBER 8)†

13. *The Minister of National Defence* recalled that, when negotiations with the U.S.A.F. had been authorized for the sharing of the costs of the Pinetree radar line extension, Sage, and Bomarc, he had mentioned a possible 50-50 division of costs. The programme included seven new heavy radars, forty-five gap fillers, a Sage direction centre, the improvement of the communications of existing radars, and two 30-missile Bomarc squadrons, all estimated to cost a total of $378 million. It had now been agreed with the U.S.A.F. that Canada undertake the construction and unit equipment side of the programme at a cost of $129 million and the U.S. bear the cost of the technical equipment, which would be approximately $249 million. Because of the precedent of the original Pinetree programme, the U.S.A.F. was disposed to accept this sharing, which was in the ratio of about one-third R.C.A.F. to two-thirds U.S. It was impracticable to reach a division of costs in this ratio by dividing the programmes involved by sites or by items of equipment, hence the nature of the sharing that had been suggested. It had the advantage of simplicity, avoided the danger of differences in technical equipment, and ensured uniformity of construction.

The U.S.A.F. had agreed that the production of the technical equipment, which they would be financing, be shared between the two nations. Beyond this it could be expected that Canada would participate in other NORAD equipment programmes. However, Canadian firms would often have the disadvantage of facing pre-production costs, which in some cases had already been amortized by their U.S. competitors. Because such costs must be met to place Canada in a competitive position, funds for this purpose were to be included in the 1959-60 estimates of the Department of Defence Production.

---

[201] Voir/See Document 101.

He recommended, with the Minister of Defence Production, that he be authorized to come to an agreement with the U.S. that the costs of the programmes he had described be shared with the U.S. on approximately a 1/3 - 2/3 ratio, based on division by type of work, on the understanding that the objectives of production sharing be recognized and that the R.C.A.F. participate in all aspects of the programmes from design to installation.

An explanatory memorandum had been circulated, (Memorandum, Ministers of National Defence and Defence Production, Dec. 2 — Cab. Doc. 352-58).[202]

14. *Mr. Pearkes* said it was proposed to confirm in Paris the arrangements that had been reached at the official level.

15. *The Minister of Defence Production* added that the prospects of Canadian firms participating in the provision of technical equipment were encouraging.

16. *The Cabinet* approved the making of an agreement between Canada and the United States for sharing the costs of the new radar, Sage, and Bomarc air defence programmes in an approximate one-third to two-thirds ratio by Canada paying for construction and unit equipment and the United States for all technical equipment, on the understanding,

(a) that both governments recognized the objectives of production sharing and that a reasonable and representative share of defence production would be placed in Canada; and,

(b) that the R.C.A.F. participated in all aspects of the programmes from design to installation.

CANADA-UNITED STATES MINISTERIAL COMMITTEE ON DEFENCE; REACTIVATION OF COMBINED POLICY COMMITTEE

17. *The Secretary of State for External Affairs* said that the United States had proposed that the Canada-U.S.-U.K. Combined Policy Committee, established in 1943 to further the atomic bomb project, be reactivated with expanded terms of reference. This idea stemmed from the Declaration of Common Purpose signed by President Eisenhower and Prime Minister Macmillan over a year ago[203] and from talks Mr. Macmillan held with the Prime Minister here subsequently.[204] The U.K. had agreed that the committee should be reactivated. He outlined briefly what it would be expected to do and the fields in which it would operate. Essentially, it would lead to greater co-operation in military research and development in both the nuclear and non-nuclear fields. However, Canadian representatives would not be able to participate in all of the activities envisaged because the revised U.S. Atomic Energy Act still restricted certain exchanges of information on nuclear weapons. He recommended that the committee be reactivated along the lines proposed by the U.S.

An explanatory memorandum had been circulated, (Minister's memorandum, Dec. 6 — Cab. Doc. 354-58).[205]

18. *Mr. Smith* added that it would be desirable to tell the Americans in Paris that the government concurred in their proposals.

---

[202] Voir/See Document 102.

[203] Pour le texte de la Déclaration d'objectif commun, voir United States, Department of State, *Bulletin*, Volume XXXVII, No. 959, November 11, 1957, pp. 739 à 741.

For the text of the Declaration of Common Purpose, see United States, Department of State, *Bulletin*, Volume XXXVII, No. 959, November 11, 1957, pp. 739-741.

[204] Voir volume 24, les documents 437 et 438./See Volume 24, Documents 437-438.

[205] Voir/See Volume 24, Document 509.

19. *The Minister of National Defence* said that one of the reasons for reactivating the committee was that it would obviate any difficulties or ill feelings amongst the other N.A.T.O. partners which the setting up of new machinery might create.

20. *The Cabinet* agreed to the reactivation of the Combined Policy Committee along the lines proposed by the United States.

CANADA-UNITED STATES MINISTERIAL COMMITTEE ON DEFENCE; FUTURE MEETINGS

21. *The Minister of National Defence* said that Canadian ministers would propose that, in future, meetings be held more than once a year and at a fixed period, and not merely be scheduled for the time when N.A.T.O. ministerial meetings were held. In this way attention would not be drawn to any specific difficult problems.

22. *The Cabinet* noted with approval that it would be suggested to United States secretaries that, in future, meetings of the Canada-United States Ministerial Committee on Defence be held more than once a year and at fixed periods.

. . .

---

135. DEA/50309-A-40

Compte rendu de la réunion du Comité Canada–États-Unis sur la défense commune

Record of Meeting of Canada-United States Committee on Joint Defence

SECRET Paris, December 15, 1958

Canada was represented by:

Mr. Smith (Chairman) — Secretary of State for External Affairs
Mr. Pearkes — Minister of National Defence
Mr. Fleming — Minister of Finance
Mr. O'Hurley — Minister of Defence Production
Mr. Robertson — Under-Secretary of State for External Affairs
Mr. Golden — Deputy Minister of Defence Production
General Foulkes — Chairman, Chiefs of Staff Committee
Mr. Plumptre — Assistant Deputy Minister of Finance
Mr. LePan — Assistant Under-Secretary of State, Department of External Affairs
Mr. Milligan — Department of Defence Production
Mr. McCardle (Secretary) — Department of External Affairs

The United States was represented by:

Mr. Dulles — Secretary of State
Mr. McElroy — Secretary of Defense
Mr. Scribner — Under Secretary of the Treasury
General Twining — Chairman, United States Joint Chiefs of Staff
Mr. Irwin — Assistant Secretary, Department of Defense (International Security Affairs)
Mr. Merchant — Assistant Secretary of State for European Affairs
Brig. Gen. Whisenand — Special Assistant to the Chairman, United States Joint Chiefs of Staff
Mr. Widman — Department of the Treasury
Colonel Kreps — Office of Canadian Affairs, Assistant Secretary of Defense (I.S.A.)
Mr. Willoughby (Secretary) — Department of State, Director, Office of British Commonwealth and Northern European Affairs.

2. *Mr. Smith* welcomed the United States Delegation to the first meeting of the Committee and expressed particular Canadian appreciation that Mr. Dulles had found it possible, in

spite of his recent illness and heavy schedule, to attend the meeting. He recalled that the Committee had been established after the discussions in Ottawa in July 1958 between Prime Minister Diefenbaker and President Eisenhower. He summarized the functions of the Committee as they had been set out in the exchange of notes between the two governments on August 29, 1958.[206]

3. *Mr. Dulles* in reply said he was delighted that he could attend the first meeting of the Committee which had been designed to provide for periodic ministerial review of matters connected with the efforts of the two governments in the joint defence of North America. He felt certain that meetings of this Committee would further strengthen the essential co-operation of the two governments in the defence field.

4. The following agenda, which had been drawn up by senior officials of the two governments at a Meeting of Consultation in Washington on November 19,[207] was adopted.

(1) Problems connected with the acquisition and control of defensive nuclear weapons in Canada.

(2) Problems connected with the declaration by CINCNORAD of increased states of military readiness.

(3) Integration of Canada-United States defence production.

(4) Cost-sharing arrangements with respect to immediate programmes in the continental air defence field.

(5) United States proposals for the reactivation of the Combined Policy Committee.

(6) Date and Place of next meeting.

(7) Other business.

ITEM I — PROBLEMS CONNECTED WITH THE ACQUISITION OF CONTROL OF DEFENCE AND NUCLEAR WEAPONS IN CANADA.

5. *Mr. Smith* opened discussion of this item and distributed to the meeting a draft statement for possible use in the Canadian House of Commons regarding the acquisition and control of nuclear weapons. (Statement attached as Appendix I).[208] He indicated that the draft did not necessarily represent the definitive views of the Canadian Government. It had not, for example, been seen by the Prime Minister. It was being tabled at this meeting in the hope that it would serve as a useful focus for discussion of the agenda topic. The statement had been drafted with broad political considerations in mind, since it would be necessary for the Government to give some indication at the next session of Parliament of its plans with respect to the acquisition of nuclear weapons for use by the Canadian forces.

6. After studying the statement *Mr. McElroy* first commented on the second sentence of paragraph 6. He suggested the inclusion of the phrase "the production of" before "nuclear weapons." It was the United States intention to provide its NATO partners with "know-how" to enable all NATO forces to function with nuclear weapons if that should become necessary. The United States did not, however, intend to provide the technical knowledge required for the production of nuclear weapons. This revision was accepted by the meeting.

7. *Mr. Dulles* suggested that perhaps the last phrase of the first sentence of paragraph 7 might be amended to read "nuclear weapons of a defensive *and deterrent* character." *Mr. Smith* said the Government wished to deal publicly, in the first instance at least, with

---

[206] Voir/See Document 77, note 128.

[207] Voir/See Document 133.

[208] Pour une ébauche antérieure de cette déclaration, voir le document 105, pièce jointe 2.
For an earlier draft of this statement, see Document 105, enclosure 2.

such purely defensive nuclear weapons as might be required for use by Canadian forces. The Canadian Government was, of course, aware of the interest of the United States Government in the storage of weapons in Canada for strategic use but believed that this question should not be dealt with at this time. *Mr. McElroy* said that of course the United States regarded its strategic weapons as defensive weapons. *Mr. Fleming* said that, while admitting it was not always easy to draw a line between various weapons, it did seem to him that some weapons by their siting and character could be regarded as purely defensive. *Mr. Dulles* said he did not wish to press his suggestion.

8. *Mr. McElroy* said he was not certain what was meant by the phrase "co-ordinated with the efforts of our NATO partners" in paragraph 8. The United States Government did not wish NORAD to be operated under European command. *Mr. Pearkes* said that the Canadian Government did not envisage that NORAD's operations would come directly under NATO command, but certainly the Government thought of NORAD's operations as part of NATO's deterrent strength. One of NORAD's primary purposes was to give greater security to the forces of retaliation based in North America. *Mr. McElroy* commented that the United States Strategic Air Command, of course, was not part of the NATO military structure. *Mr. Smith* said that perhaps some other phrase such as "related to" might be substituted for the phrase "co-ordinated with;" but certainly the Canadian Government regarded NORAD as part of the total defensive burden borne by the Canadian Government in carrying out its commitments to NATO. He believed it would be more acceptable to the Canadian Government if any special arrangements which had to be made with the United States in this context were to come under the general umbrella of Canada's NATO commitments. *Mr. Dulles* said that he had no objection to the phrase "co-ordinated with" as long as both sides understood what was meant.

9. *Mr. Dulles* then suggested that the phrasing of the first sentence of paragraph 10 might be changed somewhat to reflect Alaska's new position as a state. It was agreed that the relevant phrase should read "the air defence of Canada and the continental United States including Alaska."

10. *Mr. McElroy* said he was not certain that the third sentence of paragraph 10 should be left in its present form. The sentence now reads "In the event that these defensive weapons are made available for use by the Canadian and United States forces serving under NORAD they could be used only in accordance with procedures governing NORAD's operations approved by the two governments." *Mr. McElroy* said that he did not disagree with the substance of the sentence. He thought that it might be wise, however, to conclude the discussions which were going on between the Canadian and United States services with respect to operational procedures before anything was said publicly. *Mr. Smith* said that he felt that the Canadian Government would be in a difficult position unless it could assure the Canadian public soon of Canadian participation in control of the use of defensive nuclear weapons. *Mr. McElroy* said that he did not disagree with the Canadian view on this matter of joint responsibility. However, at the moment it was not possible to foresee all the possible contingencies. It would be unfortunate, in his view, if a governmental statement made prior to knowledge of all the relevant facts were, by accident, to impose restraints which might not be desirable upon the Canadian and United States negotiators.

11. *Mr. Fleming* said he thought it should be understood that there was a real distinction between the procedures referred to in the statement and the actual details of operations in particular emergency situations, i.e., the actual firing of the weapons. It was not intended that governmental control should be exercised in such a way in an emergency as to impose delay on essential operations.

12. *General Foulkes* said that the operational procedures which would have to be worked out would be complicated and he would hope it would be possible for security reasons to avoid spelling them out in a public document. These procedures were being examined by the service authorities concerned. Some NORAD procedures already agreed upon would be subject to change in the future. *Mr. Dulles* suggested that perhaps the phrase "from time to time" might be inserted after "approved" in order to permit changes in procedures which might prove desirable with experience. *Mr. Fleming* suggested that the words "in advance" should also be included at the same point in the sentence, and the relevant phrase would read "NORAD's operations approved in advance from time to time by the two Governments."

13. *Mr. McElroy* said the impression was left in his mind by the sentence as a whole that the Canadian Government control would apply to United States "from Mexico on up." Certain of these forces, in fact, came under the control of CINC CONAD. *Mr. Fleming* said there was no thought of applying Canadian Government control to these United States forces. *Mr. Pearkes* said that the Canadian statement was, however, written having in mind United States interceptor forces based in Canada to which of course Canadian control would apply. The Canadian Government had to bear in mind as well weapons based in the United States but firing into Canadian air space. *Mr. Dulles* said that if intercontinental ballistic missiles were to be developed in due course they would fly over many countries and the United States would not wish to have to get approval from each country over which they might fly.

14. *Mr. Smith* said that the Canadian Government was concerned primarily in this statement with defensive weapons. *Mr. McElroy* said that of course the United States would regard even intercontinental ballistic missiles as defensive weapons. He went on to ask if the statement was meant to cover the use of MB-1 air-to-air nuclear rockets. *Mr. Pearkes* said that it was intended that the statement should cover MB-1's. He referred, for example, to the phrase in paragraph 3 "*certain* defensive nuclear warheads." *Mr. Irwin* said that it might appear from the present draft that reference was being made in paragraph 3 only to the BOMARC and the LACROSSE weapons.

15. *Mr. Smith* said that it was not the Canadian intention to press at this meeting for definitive approval of the text which had been submitted. Perhaps it would be best in the circumstances if, after further consideration on both sides, revised drafts might be exchanged.

16. *Mr. McElroy* said that some of the difficulty for him arose from the fact that the statement included reference not only to weapons coming under NORAD's control, but also to the LACROSSE. It might perhaps be easier if the statement dealt primarily with weapons to come under NORAD's operational control. He appreciated, however, that the Canadian Government might wish to have mention made of the LACROSSE in the same statement. *Mr. Smith* said that he thought the Canadian Government would wish to deal with both the BOMARC and the LACROSSE at the same time in a public statement. *Mr. Pearkes* emphasized that the wording of paragraph 10 should be considered simply as a basis for an announcement in Parliament rather than as the terms of an intergovernmental agreement. The BOMARC and the LACROSSE were much in the minds of the Canadian

public because of the Government's announcements in September 1958.[209] The public would expect them to be dealt with at one and the same time. Formal intergovernmental understandings would of course have to be reached eventually. He expected that separate agreements would be required for each of the weapon systems. The Government would however wish to say something to Parliament on the subject in the near future.

17. *Mr. Dulles* said he agreed with Mr. Smith's suggestion that each side might attempt its own redraft of the proposed statement for further consideration. He did not believe that there was any difference between the two governments on matters of principle in this context.

18. *Mr. McElroy* said he presumed that in any public statement the Canadian Government would wish to cover possible requirements for MB-1 air-to-air rockets and nuclear depth charges for naval use. *Mr. Pearkes* agreed that this was the case. He hoped as well that the discussions which were going on between Canadian and United States representatives with respect to operational procedures in these various fields could be pressed with all possible despatch.

19. *Mr. Dulles* asked when the Canadian Government would wish to make a statement to Parliament concerning the acquisition of nuclear weapons. *Mr. Smith* said that he believed the Government would wish to make a statement early in the new session of Parliament which was likely to begin towards the latter part of January.

20. It was agreed by the meeting that there seemed to be no difference of principle between Canadian and United States views on the matter of the control to be exercised over the use of nuclear weapons, but that some further redrafting of the proposed Canadian statement might be in order to reflect the points of view expressed at this meeting.

ITEM II — PROBLEMS CONNECTED WITH THE DECLARATION BY CINCNORAD OF INCREASED STATES OF MILITARY READINESS

21. *Mr. Pearkes* said that the Canadian authorities believed that some further clarification might be desirable in the interpretation of paragraph 10 (i) of CINCNORAD's terms of reference which read:

> "10. In carrying out his mission CINCNORAD will:
>
> (i) Specify the conditions of combat readiness, to include states of alert, to be maintained by all forces assigned, attached or otherwise made available including augmentation forces while under the operational control of CINCNORAD."

This matter had been discussed between the Chairmen of the Canadian and United States Chiefs of Staff organizations and there seemed to be no insuperable difficulties involved in reaching a satisfactory agreement.

22. He said that the Canadian Government believed that, in periods of international tension, the Governments and the Chiefs of Staff of Canada and the United States would be in a better position to assess the necessity of increased states of military readiness than CINCNORAD. There was no desire on the Canadian Government's part to restrict

---

[209] Le 1er octobre 1958, le Cabinet a approuvé l'acquisition d'une batterie de missiles sol-sol Lacrosse. Le premier ministre Diefenbaker a annoncé cette décision le même jour, après la réunion du Cabinet. Voir Canada, Department of External Affairs, *Canadian Weekly Bulletin*, Vol. 13, No. 40, October 1, 1958, pp. 1 à 2.

Cabinet approved the purchase of one Lacrosse battery of surface to surface missiles on October 1, 1958. Prime Minister Diefenbaker announced this decision the same day following the Cabinet meeting. See Canada, Department of External Affairs, *Canadian Weekly Bulletin*, Vol. 13, No. 40, October 1, 1958, pp. 1-2.

CINCNORAD's freedom of action to declare increased states of readiness on his own authority for purposes of training his Command or in the event of emergency conditions such as a "red" or "yellow" air defence warning. In periods of international tension, however, CINCNORAD's authorization for increased states of readiness should come from the Chiefs of Staff after consultation with their respective governments. In all cases of course it would be desirable that the Canadian Government be informed in advance of CINCNORAD's intentions in order that it might be in a position to deal with any public comment which might arise from CINCNORAD's actions.

23. *General Twining* explained that he was required to seek the authority of the President of the United States for the declaration of an alert by United States Commands. *Mr. Pearkes* said he realized that this was the case but it was also possible in present circumstances that the Canadian Government would hear first of such a situation only from CINCNORAD. It was this situation which he hoped to clarify. *Mr. Smith* said that the Canadian Government would be embarrassed if faced in the House of Commons by questions based perhaps on newspaper comment on the declaration of increased states of military readiness by CINCNORAD, before the Government was fully aware of what had taken place. *Mr. Pearkes* emphasized that there were certain situations when it was obvious that CINCNORAD's freedom of action in this respect must not be limited. There were, however, in the Canadian view situations where prior consultation between the two governments in both service and diplomatic channels would be highly desirable.

24. *Mr. McElroy* said that the United States Chiefs of Staff were conscious of Canada's problem in this respect and that it was the intention of the United States authorities that consultation with Canada should be undertaken consistently. He felt certain that the Canadian problem could be met.

25. *Mr. Smith* said he believed that parallel discussions in situations of growing international tension should be conducted between the State Department and the Department of External Affairs. *Mr. Dulles* agreed that such parallel consultation should take place.

26. It was agreed by the meeting that arrangements to implement this agreement in principle should be put in hand.

ITEM III — INTEGRATION OF CANADA — UNITED STATES DEFENCE PRODUCTION

27. *Mr. O'Hurley* opened discussion of this item with the statement set out in Appendix II.†

28. *Mr. Dulles* said that the United States Government recognized fully the importance of this subject and he asked Mr. McElroy to comment on certain details. *Mr. McElroy* said that the United States Government fully recognized the validity of the principles to which Mr. O'Hurley had made reference. He said that United States policy with respect to the application of the Buy American Act was under review and he believed that any impediment offered by this Act would soon be eliminated in so far as major items of interest to Canada were concerned. He said that the United States Air Force already was dealing with Canadian contractors on the same basis as it dealt with United States contractors. He felt confident that, while there were certain political difficulties involved for the United States in abandoning the application of this legislation, it would as a result of the review now being undertaken be applied in such a way in the defence field that legitimate Canadian interests could be served.

29. With respect to the Convair proposal mentioned by Mr. O'Hurley the Department of Defence at a senior level was fully aware of the Canadian Government's interest. He said that the final United States decision on the proposals which had been submitted would be made strictly on the basis of an appraisal of the relevant performance characteristics of the

aircraft involved. The Department of Defence would make every effort to ensure that the Convair proposal received every consideration without reference to the fact that some of the production involved in that proposal would be non-American.

30. In the electronics field the Assistant Secretaries concerned with procurement for the United States services had been discussing the question with their Canadian colleagues. He had been given to understand that progress was being made in these discussions and that there would be a gradual removal of any impediments which might exist for Canadian suppliers.

31. *Mr. O'Hurley* said that the problem in the electronics field was of perhaps particular and immediate importance. The Canadian Government was faced with the problem of losing skilled Canadian personnel as a result of the decision that had been forced on the Government to end the Astra and Sparrow programmes. He confirmed that the discussions between Canadian and United States officials had been progressing satisfactorily. He wished, however, to take the opportunity to reaffirm at the Ministerial level the interest of the Canadian Government in this field. *Mr. Golden* said that agreement had been reached with United States officials in recent meetings on both the immediate and long term objectives of production sharing in the following terms:

> "The immediate objective of U.S. - Canada production-sharing is to increase the participation of Canadian industry in the production and support of North American defence weapons and equipments;
>
> the continuing objective is to co-ordinate the defence requirements, development, production and procurement of the two countries in order to achieve the best use of their respective production resources for their common defence, in line with the concept of interdependence and the integration of military arrangements."

What was of course important was to translate this agreement on objectives into practical results.

32. *Mr. McElroy* said he appreciated the concern of the Canadian Government that these agreed objectives should be put into practice. He would re-emphasize the Canadian Government's interest with Defence Department personnel on his return to Washington. He recognized that it was important that the United States Government should make it plain to its procurement personnel that the objectives of production-sharing mentioned by Mr. Golden, represented United States Government policy. There were, of course, political pressures generated on both sides of the border in this context and elements of judgement were involved on particular occasions. Factors of cost, production time and technical competence had also to be taken into consideration.

33. *Mr. Fleming* asked how widely known it was in United States industry that attempts were being made by the two governments to share defence production tasks. He expressed an interest in knowing as well whether information concerning intergovernmental discussions in this respect might develop antagonisms in Congress. *Mr. McElroy* said that any results of the review of the application of the Buy American Act would be bound to become known. However, he felt that the best approach in the first instance was by an attempt to reduce impediments which existed to the free flow of defence equipment between the two countries. Certainly if these impediments were removed it should be possible for practical results to flow from the agreed principles of defence production sharing. He said the Canadian authorities could rest assured that every effort would be made by the United States authorities to remove these impediments.

34. *Mr. Smith* then raised the question of the possibility of purchase by the United States Government of the Avro Arrow. *Mr. Pearkes* said that after his discussions in Washington

in late summer,[210] he had been left with the impression that the United States Government would not buy the CF-105. He said he would be interested to know if there would be any change in the United States position if the cost of the Arrow were to be substantially reduced as the result of incorporation of the Hughes Fire-Control System and the Falcon missile.

35. *Mr. McElroy* said that Mr. Pearkes' impression had been well-founded. He went on to say that the United States Defense Department was not including new interceptors in its funding for the 1960 fiscal year. The Defense Department was cutting down drastically on interceptor procurement until such time as the F-108 was available. Any funds which were included in the budget for the 1960 fiscal year for interceptors would be devoted to purchasing planes previously ordered. There would be no purchase of the "C" and "D" versions of the F-106. He said that this information would not be made public until the budget was brought down early in the New Year.

36. *Mr. Fleming* sketched for the meeting the political background in Canada on this subject. He said that, for Canada's limited needs, the costs of the original CF-105 programme were simply beyond Canada's reach. Purchase by the United States of a quantity of CF-105s would have spread the costs sufficiently to have made ordering of the aircraft for Canada's needs by the government more manageable. There was a great measure of Canadian pride of achievement in the aircraft. Further, there had been a concentration of technical skills connected with the aircraft at Malton. The CF-105 problem, therefore, for the Canadian Government involved national pride and economics as well as defence interest. Canadian newspapers, perhaps reflecting the hopes of Canadian producers, continued to play up the possibility that the United States Government might still be interested in the aircraft. Canadian Ministers wished therefore to establish with finality the viewpoint of the United States Government. They wished to be able, upon return to Ottawa, to report to their Cabinet colleagues with assurance on the United States Government's views.

37. *Mr. McElroy* assured the meeting that the United States Government's views were final on this question. The United States Government could not possibly buy any CF-105s.

ITEM IV — COST-SHARING ARRANGEMENTS WITH RESPECT TO IMMEDIATE PROGRAMMES IN THE CONTINENTAL AIR DEFENCE FIELD

38. *Mr. Pearkes* referred to discussions which had been going on for some time between the Chiefs of Staff of the two countries on the necessity for improvement in the early warning system in North America. Their recommendations for strengthening the air defences of the continent had been approved by the two governments some months ago and since that time consideration had been given by officials to what would constitute a proper division of costs between Canada and the United States for the programmes.

40. The programmes which had been agreed to consisted of five major items: heavy radars, gap filler radars, Semi-Automatic Ground Environment control systems, the necessary modification of existing PINETREE radars and finally, BOMARC squadrons in the Ottawa-North Bay area. Officials had worked out a cost-sharing arrangement which had now been approved by the Canadian Government. The arrangement involved Canadian responsibility for financing the construction and unit equipment for these projects, with United States responsibility for financing the technical equipment required for the projects. The rough figures which had been arrived at for these two elements of the projects were $128.8 million for Canadian expenditure and $249.2 million for United States expenditure. This worked out roughly to a 1/3-2/3 ratio.

---

[210] Voir/See Document 71, note 120.

41. The Canadian Government had approved the assumption of financial responsibility by Canada on the above mentioned basis, on the understanding that the objectives of defence production sharing would be recognized by both governments and that a reasonable and representative share of the defence production orders would be placed in Canada. The Canadian Government was aware that the cost estimates were very rough; it was recognized as well that there was nothing binding for the future in the 1/3-2/3 ratio of cost-sharing which had been accepted for these particular projects. The costs of future projects might well be shared on a different basis.

42. *Mr. Pearkes* said that he understood that the United States Government was anxious for budgetary purposes to get agreement to this rough division of costs. He wished therefore to indicate formal Canadian Government agreement along the lines he had described. He expressed the hope that, on this basis, officials of the two governments could proceed to draw up the necessary formal exchanges to cover these projects. He hoped as well that the construction work connected with the projects could be started in the immediate future.

43. *Mr. McElroy* said that he was not familiar with the detailed costs of these projects but he understood that the figures mentioned by Mr. Pearkes were in the general range of United States estimates. He said it could therefore be assumed that the United States Government agreed to a sharing of costs along these lines. He said he would like to look at the cost figures upon return to Washington and perhaps to confirm them again with Mr. Pearkes.

44. *Mr. Smith* said it was most gratifying that the two governments had reached agreement in principle on the sharing of costs for these joint defence projects. The Canadian Government had approached this problem of cost-sharing with the thought in mind that Canada should pay her fair share of what was in every respect a defence effort designed to increase the security of both countries. *Mr. McElroy* said the United States Government fully shared this approach to the problem. There would be common security benefits from the projects and they should be undertaken as a common responsibility of the two governments. It seemed to him that the figures which had been discussed represented a fair distribution of costs. *Mr. O'Hurley* said he wished to underline the understanding of the Canadian Government, in approving these cost-sharing arrangements, that progress would be made in the allocation between the two countries of the defence production tasks involved. *Mr. McElroy* said that he fully appreciated this point.

45. *Mr. Fleming* concluded discussion of this item by referring to what had been said earlier by Mr. Smith about the joint nature of the projects. It was a matter of some pride to Canadians that, during the last war, Canada had financed its defence requirements and that there had been no necessity for Canada to accept mutual aid. The present circumstances imposed by the military vulnerability of the continent, called for a common effort by the Canadian and United States Governments. It was the Canadian Government's intention to pay its fair share of that common effort.

ITEM V — UNITED STATES PROPOSALS FOR THE REACTIVATION OF THE COMBINED POLICY COMMITTEE

46. *Mr. Smith* referred to the United States draft aide mémoire† which had been given to the Canadian Embassy in Washington in August. It proposed that the Combined Policy Committee, established in 1943, be reactivated with expanded terms of reference. The United States proposal was to the effect that the C.P.C. should establish broad policy and procedures for scientific and technical co-operation in research and development for both nuclear and non-nuclear military purposes. It was recognized as well that the Committee

would continue to supervise the procurement and allocation of raw materials in the nuclear energy field for both military and civil purposes.

47. *Mr. Smith* said that the Canadian Cabinet had authorized Canadian participation in the reactivated Committee and that a Canadian reply would be made in the near future to the State Department's approach.

48. *Mr. Dulles* expressed satisfaction on behalf of the United States Government at this indication of Canadian willingness to participate in the work of the reactivated Committee.

49. It was agreed that the necessary formal exchanges of correspondence between the two governments should be proceeded with.

ITEM VI — DATE AND PLACE OF NEXT MEETING

50. *Mr. Fleming* said that the Canadian Government attached a good deal of importance to meetings of this Committee and believed that the importance of these meetings would increase as time went on. He said that there had been good reasons for holding this first meeting of the Committee in Paris although, of course, the original agreement had contemplated meetings of the Committee in Washington and Ottawa. As it had turned out, in fact, real difficulties had been created at the last minute for the United States Secretaries by reason of other international developments and particularly the Berlin situation.

51. *Mr. Fleming* said that he thought there were dangers involved in leaving meetings of the Committee to be convened on an ad hoc basis. Unless in the minds of the public and the press the meetings of the Committee could be put on a regular and routine basis, there would always be the suspicion that they were convened as a result of some special crisis. He thought that to avoid this, it would be desirable to schedule future meetings on a regular basis and to hold them in Washington or Ottawa. It would not perhaps be necessary to have meetings too often but, on the other hand, having meetings too seldom created difficulties as well. If the meetings were too far apart, there would be a loss of continuity and there might well be an overloaded agenda at any particular time. He suggested for consideration therefore, the possibility of having meetings at roughly six-month intervals.

52. *Mr. Dulles* said he was not sure the business of the Committee would justify settling now on meetings at six-month intervals. It might be sufficient for the present to schedule the next meeting of the Committee for next autumn. *Mr. Fleming* said he thought it might be better if perhaps a somewhat vaguer formula such as "mid-1959" were adopted. After some discussion this was agreed. It was agreed as well that the next meeting of the Committee would be held in Washington.

ITEM VII — OTHER BUSINESS

53. *Mr. Smith* said that he had just learned from Mr. Merchant that there had been a press leak concerning the meeting of the Committee. *Mr. Pearkes* said he thought that, in the circumstances, it would be desirable for the Committee to issue some statement to the press. Perhaps it could be in terms similar to those which had been agreed between the two governments for use prior to the meeting, if that had proved necessary. *Mr. Fleming* said that he thought this would be desirable since the Canadian public has not been informed as yet about the holding of the meeting. It might create a problem in Canada if nothing official was said at this time.

54. It was agreed, therefore, that it would be desirable for the two sides on their own initiative to issue press statements, the texts of which would be agreed. It was left to

Mr. Robertson and Mr. Merchant to work out an agreed text. (That text is attached as Appendix III).†[211]

55. *Mr. Dulles* said that he felt the meeting had been extremely useful. He said he believed it was important that there should be consultation between Canadian and United States representatives at a senior level from time to time, regardless of items of specific business which might be current. The importance of personal contact at this level could not be over-emphasized. This was particularly true in the case of two countries such as Canada and the United States which shared such a community of interest, not only in defence but in other matters as well.

56. *Mr. Smith* indicated his warm concurrence with the view expressed by Mr. Dulles. Canadian Ministers had found the meeting to be extremely useful, particularly since these defence problems loomed so large for the Canadian Government. He expressed the hope that future meetings of the Committee could be conducted in the same spirit of harmony and co-operation that had typified this first meeting of the Committee.

[PIÈCE JOINTE/ENCLOSURE]

Appendice I

Appendix I

SECRET [Paris], December 15, 1958

DRAFT STATEMENT REGARDING THE ACQUISITION AND CONTROL OF NUCLEAR WEAPONS FOR POSSIBLE USE IN THE HOUSE OF COMMONS

Last Autumn the Government announced its intention to introduce the BOMARC ground-to-air missile into the Canadian air defence system and to equip the Canadian Brigade in Europe with the LACROSSE ground-to-ground missile.

2. The Government's decision to acquire these modern weapons for use by the Canadian forces was based on its appreciation, in the light of the best expert advice available, of the need to strengthen our air defence in the face of the threat to this continent and on its determination to continue a full and effective contribution to the NATO shield. The full potential of these defensive weapons is achieved only when they are armed with nuclear warheads.

3. The Government, is therefore, examining with the United States Government questions connected with the acquisition of certain defensive nuclear warheads in Canada. The problems connected with the arming of the Canadian Brigade in Europe with short range nuclear weapons for NATO's defence tasks are also being considered.

4. We are confident that we will be able to reach formal agreement on satisfactory means to serve our common objective. At an appropriate time the Government will table the general terms of understanding which are reached between the two Governments on this subject, and an opportunity will be provided for the House to discuss them.

5. I wish at this time, however, to give the House an indication of certain basic considerations in the Government's thinking on the question of the acquisition and control of nuclear weapons.

---

[211] Voir Canada, Chambre des Communes, *Débats*, 1959, volume II, pp. 1281 à 1282.
See Canada House of Commons, *Debates*, 1959, Volume II, pp. 1223-1224.

6. The first important consideration is the Government's firm belief in the importance of limiting the spread of nuclear weapons at the independent disposal of national governments. The Secretary of State for External Affairs said in the External Affairs Committee on July 29, last, that it took but little imagination to envisage the dangers of the situation if the know-how with respect to nuclear weapons and the manufacture of nuclear weapons were disseminated in many countries of the world. The prospect of such dissemination continues to be a matter of fundamental concern to the Government. It also continues to be the policy of the Canadian Government not to undertake the production of nuclear weapons in Canada.

7. The second consideration is the Government's determination to leave no avenue unexplored in the search for an acceptable agreement on disarmament with the Soviet Union, even though we must reluctantly admit the need in present circumstances for nuclear weapons of a defensive character. We will not lose sight of our objective of disarmament. Even if that objective is capable of only partial realization, as for example in agreed zones of inspection in the Arctic, or agreed measures to guard against surprise attack, our firm support can be counted on. We cannot, however, in the meantime, minimize the importance of providing the strongest deterrence to war.

8. The third consideration is the Government's commitments to support the collective security of the NATO alliance. Whether our effort is made directly in continental defence — the defence of the Canada-United States Region of NATO — or whether it is made on the continent of Europe, it will be co-ordinated with the efforts of our NATO partners. In the one context as in the other, it is the Government's intention to provide Canadian forces with the most modern and efficient weapons to enable them to fulfill their respective roles.

9. Following from the Government's belief that the spread of nuclear weapons at the independent disposal of national governments should be limited, we believe it is right that ownership and custody of the nuclear warheads should remain with the United States. The requirements of Canadian and United States legislation on atomic energy will continue to apply; nor will there be any change in Canada's responsibility for regulating all overflights of Canadian territory.

10. The Canadian and United States Governments have assumed joint responsibility for the air defence of the continental United States, Canada and Alaska and have implemented their responsibilities through the establishment of the North American Air Defence Command. The Canadian Government exercises with the United States Government joint responsibility for the defensive operations of the Command including the use of defensive nuclear weapons if that should become necessary. In the event that these defensive weapons are made available for use by the Canadian and United States forces serving under NORAD, they could be used only in accordance with procedures governing NORAD's operations approved by the two Governments. These weapons, therefore, would be used from Canadian territory or in Canadian air space only under conditions previously agreed to by the Canadian Government. This interpretation by the Canadian Government of the exercise of common responsibility for continental air defence is shared by the United States Government.

11. The custody and control of nuclear warheads for use by Canadian forces operating under the Supreme Allied Commanders in Europe and the North Atlantic ocean will be subject to negotiation with our other NATO partners and the Supreme Allied Commanders.

136. DEA/50210-F-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, December 22, 1958

ACQUISITION OF ATOMIC WEAPONS

General Foulkes just called us to say that Mr. Pearkes intends to inform the Cabinet this afternoon of the discussions in Paris of the Canada-United States Ministerial Committee. Mr. Pearkes was not quite certain as to what had been decided with respect to the draft statement on nuclear weapons which had formed the basis of discussions of this matter in Paris.

We said that we thought that the record would reveal that Mr. Dulles had agreed with your suggestion that each side might attempt its own redraft of the proposed statement (particularly paragraph 10) and that the drafts might then be exchanged. I think it was agreed that while there seemed to be no difference of principle between the Canadian and United States views on the control to be exercised over the use of nuclear weapons it was thought that some further redrafting of the proposed Canadian statement might be in order, to reflect the points of view expressed at the meeting.[212]

In the circumstances, General Foulkes is sending into Cabinet a note for Mr. Pearkes, suggesting that the next step should be to clear a revised draft of the statement with the Prime Minister. At that stage, the relevant paragraph on control at least might be taken up with the State Department. I believe that this would be a sensible procedure and, if you agree, you may wish to join with Mr. Pearkes in recommending it.[213]

D.V. LEP[AN]
for Under-Secretary of State
for External Affairs

---

[212] Note marginale :/Marginal note:
Yes [Sidney Smith]

[213] Note marginale :/Marginal note:
We had a good discussion of this item in the Cabinet. The PM seems ready to make a statement provided that the Cabinet decides that Canada should have the warheads. I read to Cabinet the operative part of Para - 10. The PM will insist on Govt's approval of "firing." Mr. Pearkes said that there would be a new draft — before the PM returns from the West. S[idney Smith]

137. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 22, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

U.S.-CANADA DEFENCE MEETING; REPORT
(PREVIOUS REFERENCE DECEMBER 9)

41. *The Prime Minister* invited the ministers who had attended recent meetings of the Canada-U.S. Ministerial Committee on Defence in Paris to report on the discussions.

42. [one sentence was removed/une phrase a été supprimée] A short communiqué had been issued at the end of the meeting, which had lasted two hours.

The main items on the agenda were those discussed in Cabinet at the meeting of December 9th.

[one sentence was removed/une phrase a été supprimée]

The meeting had gone over the draft statement for possible use in the House of Commons, which had been circulated by the Canadian delegation.

He had indicated that the draft did not necessarily represent the definite views of the Canadian government. [one sentence was removed/une phrase a été supprimée]

It had been pointed out to him that the Canadian government wished to deal publicly, in the first instance at least, with such purely defensive nuclear weapons as might be required for use by Canadian forces. The government was, of course, aware of the interest of the U.S. government in the storage of weapons in Canada for strategic use, but no decision had been made as yet on this. The statement clearly emphasized the defensive use of nuclear weapons stored in Canada, and indicated that the Canadian government would continue to search for an acceptable agreement on disarmament. The action proposed would not in any way prejudice Canada's cooperation with its N.A.T.O. partners in the defence of Europe. The statement also made it clear that Canada shared the concern of the U.S. that nuclear warheads should not be spread to many countries, and that the ownership and custody of nuclear warheads should remain with the U.S. It was made clear that there was to be no change in Canada's responsibility for continental defence nor would there be any change in Canada's responsibility for regulating all over-flights of Canadian territory.

The Minister said that, with respect to paragraph 10 of the draft statement, it had been agreed that the present draft was tentative only and subject to revision. It covered the joint responsibility for the air defence of the United States including Alaska, and of Canada. This responsibility included the use of defensive nuclear weapons in accordance with the procedures governing NORAD's operations approved by the two governments.

He noted that the Lacrosse weapon had not been dealt with in the U.S. context. The U.S. Secretary of Defence had had some reservations about its inclusion in the statement. The last paragraph of the draft indicated that the custody and control of nuclear warheads for use by Canadian forces operating under the Supreme Allied Command, Europe, and the North Atlantic Ocean would be subject to negotiation with Canada's other N.A.T.O. partners and the Commander. In answer to a question, the U.S. representatives had been informed that the statement was intended to cover MB-1 air-to-air nuclear rockets. The U.S. delegates had not been ready to discuss storage of nuclear weapons in Canada for use by S.A.C. Mr. Dulles had noted that it was not the Canadian intention to press at the meeting for definite approval of the text which had been submitted. A revised draft might be discussed after further consideration.

43. *The Minister of National Defence* said, with respect to the question of increased state of military readiness, that the U.S. delegation had agreed to the Canadian suggestion. An aide-mémoire would be drafted to record this agreement.

44. *The Minister of Defence Production* said in respect of integration of the Canada-U.S. defence production, that in the statement which he had made at the meeting he brought home to the U.S. delegates Canada's desire to share in the production of modern weapons and equipment. He had referred to the proposal submitted by Convair for an airborne early warning aircraft which would employ a Canadian airframe and also to the U.S. interest in the Cariboo aircraft. The U.S. Secretary of Defence had given assurances that every effort would be made by the U.S. authorities to see that Canada got a fair share in production; he would remove the need for the other two services, as well as the Air Force, to observe the Buy American Act in respect of Canada.

45. *The Minister of National Defence*, with reference to the above, stressed that the U.S. representatives had made it clear that the U.S. government would not buy the CF-105.

46. *Mr. Pearkes* said, in connection with the cost-sharing arrangements for immediate programme in the continental air defence field, that he had referred to the discussions between officials on the division of costs between Canada and the U.S. He recalled that he had been authorized by the Cabinet to confirm the functional division of costs reached at the official level which resulted in an amount of $128.8 million for Canadian expenditure and $249.2 million for United States expenditure. The U.S. Secretary of Defence had said that these figures were in the general range of U.S. estimates. He wished to confirm them again after his return to Washington. He had said, however, that this deal should not be taken as a precedent for other deals.

47. *The Secretary of State for External Affairs* said he had referred to the U.S. aide-mémoire of last August suggesting the reactivation of the Combined Policy Committee, which had been established in 1943 but had lapsed into desuetude since the end of the war. He had said that the Cabinet had authorized Canadian participation in the reactivated committee and that a reply would be made in the near future to U.S. suggestions. The United Kingdom had given their blessing to this suggestion. It would permit Canada to sit in on discussions on research and development for both nuclear and non-nuclear military purposes, but not discussion on the making of nuclear weapons themselves.

48. *The Minister of Finance* said that, in connection with the date and place of the next meeting, he had pointed out that there were dangers involved in leaving meetings to be convened on an ad hoc basis. In order to avoid giving the impression these were called as a result of some special crisis, he had suggested that they be held on a regular basis. The U.S. Secretary of State had not been sure that the business of the committee would justify meetings at six-month intervals. It had been finally agreed that the next meeting would be held in "mid-1959" in Washington. A short statement had been issued to the press at the conclusion of the meeting, and general satisfaction had been expressed all around at its usefulness.

49. *During the discussion* the following points were raised:

(a) [this paragraph was removed/ce paragraphe a été supprimée]

(b) As an indication that the U.S. were willing to do everything possible for Canada to have a fair share of production, 58 requests had been sent to Canadian manufacturers for prices on what they could build. If Convair obtained from the U.S. a contract for 200 aircraft, the Canadian share (35%) would be approximately $400 million. The U.S. had a requirement for an aircraft to carry out standing patrols over the ocean. They were calling for tenders for this type. The Canadian type aircraft was in advance of others and closer to completion. If Canada could meet the price of other tenderers, the U.S. would help Canada compete on a fair basis.

(c) The government should consider what time would be most appropriate for making an announcement on the Arrow. The best time might be close to the opening of the session.

50. *The Cabinet* noted with approval the reports of the ministers who had attended the meeting of the U.S.-Canada Defence Committee in Paris, and agreed that a statement on the acquisition and control of nuclear weapons be made early in the session.

. . .

5e PARTIE/PART 5

QUESTIONS ÉCONOMIQUES
ECONOMIC ISSUES

SECTION A

RÉUNION DE LA COMMISSION MIXTE CANADO-AMÉRICAINE DU COMMERCE ET DES AFFAIRES ÉCONOMIQUES, WASHINGTON, LE 7 À 8 OCTOBRE 1957
MEETING OF JOINT CANADA-UNITED STATES COMMITTEE ON TRADE AND ECONOMIC AFFAIRS, WASHINGTON, OCTOBER 7-8, 1957

138. DEA/50316-40

Extrait du procès-verbal de la Troisième réunion de la Commission mixte canado-américaine du commerce et des affaires économiques, Washington, D.C., le 7 à 8 octobre 1957

Extract from Minutes of Third Meeting of Joint Canada-United States Committee on Trade and Economic Affairs, Washington, D.C., October 7-8, 1957

SECRET

The third meeting of the Joint Committee took place in Washington under the chairmanship of Mr. Dulles, the U.S. Secretary of State.[214] A copy of the Agenda is attached as Annex "A".†

October 7 — Morning Session

ITEM I — OPENING STATEMENTS

2. In opening the meeting *Secretary Dulles* welcomed the Canadian Ministers. He spoke of the President's interest in the meeting of the Committee and of the need to take a fresh view of our problems in a world which was in a state of flux. He emphasized the great political importance of cooperation between the United States and Canada in economic affairs as in other fields. He referred to the fact that no two countries had more intimate or significant relations. He thought this was true even though in some matters Canada's relationship to the United Kingdom might be closer than its connection with the United States. He observed that, far from deploring the close bonds between Canada and the United Kingdom, his Government welcomed the existence of these links. The United States and the United Kingdom were not competing for position in relation to Canada. It was not

---

[214] Pour une liste des ministres canadiens et américains présents à la réunion et un bref aperçu des principaux sujets traités, voir Canada, ministère des Affaires extérieures, *Affaires Extérieures*, vol 9, Nº 11, novembre 1957, pp. 323 à 25.

For a list of the Canadian and American ministers attending the meeting and a brief overview of the main topics discussed, see Canada, Department of External Affairs, *External Affairs*, Vol. 9, No. 11, November 1957, pp. 323-25.

inconsistent for Canada to maintain and develop traditional association with the United Kingdom while at the same time continuing to expand relations with the United States.

3. *Mr. Fleming* transmitted the greetings of the Prime Minister and expressed the pleasure of the Canadian Ministers at being able to have this meeting with their U.S. opposite numbers. He commended the terms of reference and the purpose of the Committee. He noted that the Committee had not met for some time and that added point was given to the present meeting not only by the fact that there had been a change of government in Canada but also because the lengthy interval since the last meeting had produced a considerable accumulation of issues. He agreed with Secretary Dulles that no two countries had as close relations as Canada and the United States. He referred particularly to the cooperation which had been achieved in defence matters as reflected in the recent creation of the integrated Air Defence Command. It would, however, be less than frank not to recognize the existence of a number of substantial problems between the two countries. There were elements in Canada-U.S. economic relations which were causing concern in Canada; there was anxiety as to what may be impending. The new Canadian Government had a mandate to interpret what it considers is the will of the Canadian people on certain matters which had emerged as issues in the last elections. He observed that the difficulties in dealing with these problems were increased by the fact that in the United States the Executive and Legislative branches were separate and acted much more independently than in the Canadian system. *Mr. Fleming* said that he regarded Canada-U.S. relations in terms of a member of a team and he instanced the integrated Air Defence Command. Some Canadians were asking why this sort of cooperation was not carried into other fields — e.g., economic measures. He assured the U.S. members that the Canadian side would express their views in a spirit of understanding and complete good will.

4. *Secretary Dulles* picked up Mr. Fleming's remark about integrated defence and said that what had been achieved here was highly appreciated. He stressed the general need for joint defence — not necessarily always with the U.S. — without which countries would be courting bankruptcy. The Canada-U.S. example should be followed more widely throughout the free world. Only in this way would it be possible for the free countries to secure adequate defence at bearable cost.

. . .

ITEM IV — GENERAL REVIEW OF TRADE POLICIES

10. *Mr. Dulles* said that the U.S. side had no general statements to make under this agenda item.

11. *Mr. Fleming* began the discussion by referring to the great difference in size between the United States and Canadian economies. He noted, that even though moved by the best of good intentions, the United States could by adverse or inconsiderate policies hurt Canada much more than Canada could injure the United States. He referred to the action of the previous Canadian Government concerning the valuation of strawberry imports and concerning restrictions on imports of cheddar cheese. He mentioned also the restrictive actions of the new Canadian Government with respect to imports of powdered milk and turkeys and fowl.[215] He thought that these actions could be regarded as little more than "flea bites." He referred to the Notes which had been delivered by the U.S. and asked the Administration to consider the (slight) proportionate effect of Canadian actions on the U.S. The necessity for such measures arose from the existence of price supports and from the

---

[215] Pour un compte rendu de la politique canadienne relative aux dindes et à la volaille, voir section E. For an account of Canadian policy regarding turkeys and fowl, see Section E.

tremendous seasonal advantage possessed by U.S. producers of many agricultural commodities. Mr. Fleming thought there was a general recognition in Canada of the great improvement which had taken place in United States trading policies since the war. It was important for the United States authorities to realize, however, that whenever they deviated even in a minor way this received a good deal of attention abroad. Any measures which had harmful effects inevitably produced recollections of the unfortunate manner in which the United States had behaved previously when it had introduced the Fordney-McCumber and Smoot-Hawley tariffs. Because of these earlier experiences injurious actions by the United States evoked more serious concern despite the generally good post-war record. Moreover actions which might be considered by the U.S. to be almost negligible in relation to their total trade receive much more attention in the press of a country such as Canada whose trade with the United States looms so large and whose international trade generally represents such a high percentage of the National Product.

12. *Mr. Fleming* then referred more specifically to some of the worries which were widespread in Canada. He said there were two fundamental weaknesses in Canada's external economic relations: the concentration of our trade in the U.S. and the imbalance in this trade. On many sides there was an inclination to question the wisdom of concentrating so much of Canada's trade in one channel. This meant among other things that any change in U.S. policies was of major importance and concern to Canada. In addition, there was uneasiness about the degree of imbalance in trade between the United States and Canada. No one thought that a precise balancing of merchandise trade with each country was desirable, or was consistent with the existence of free economies. The capital investment/import aspect of our trade balance was recognized. It was widely felt in Canada, however, that the present lack of balance was more than should be accepted. We were running into record figures. Many Canadians were saying that they were not prepared to be "hewers of wood and drawers of water." The tendency of the U.S. tariff largely to exclude finished products accentuated the general imbalance and increased apprehension that Canada was regarded solely as a supplier of raw materials. The Canadian authorities could not accept this situation. This did not, however, mean that we would wish the U.S. market for raw materials restricted but we would like to see a larger quantity processed in Canada even while exports in the raw form continued as well. Mr. Fleming referred to the action of the United States in restricting agricultural imports or at least securing waivers to permit the imposition of such restrictions. Canadians found such measures difficult to understand, especially in the light of the large surplus which the United States had in its trade with Canada.

13. *Mr. Fleming* then commented on the manner in which the press had represented a statement of Mr. Diefenbaker's as involving a definite proposal to divert imports from U.S. to U.K. sources.[216] He explained that what Mr. Diefenbaker had in mind was mainly the fact that if a shift of the order of 15% were to take place among the sources of Canadian imports, without injury to Canadian producers, this would largely remove the problem of imbalance which was worrying so many Canadians. Mr. Diefenbaker was not suggesting that it would be possible or desirable to carry out a transfer of this kind overnight. A quick transfer was not possible. Clearly also any shift would be expected to proceed in a way which would not injure Canadian producers. Reverting to Canada's trade imbalance, Mr. Fleming said he recognized that U.S. investments in Canada were financing large imports. But this was not a reason to shut our eyes to the perils of our trading position — a position which could not be expected to go on much longer.

---

[216] Voir volume 24, chapitre III, 2ᵉ partie./See Volume 24, Chapter III, Part 2.

14. Concerning the European Common Market and Free Trade Area, *Mr. Fleming* described the importance to Canada of its trade with the United Kingdom and Europe. Wheat exports were important. As a consequence, Canada was greatly interested in the manner in which these projects might develop. He thought that it might be desirable in particular to keep agricultural products outside such arrangements. So far we had been successful in keeping trade in agriculture out of the FTA. Whatever misgivings there might be in Canada concerning these European ventures, it was generally appreciated that the economic strength of Western Europe was of great political and military importance. Mr. Fleming also suggested that United States trading policies might have had and might continue to have a considerable measure of responsibility in connection with these European developments.

15. Regarding Commonwealth trade, *Mr. Fleming* acknowledged that the interest of Commonwealth countries in expanding trade with one another was not entirely attributable to defects in U.S. commercial policies but he thought that U.S. policies might fairly be regarded as a large factor. He assured the U.S. side that at Mont-Tremblant and in the subsequent Ottawa talks[217] there was no inclination to resort to new preferences or to erect new trade barriers around the Commonwealth, or around Canada and the United Kingdom. The Commonwealth was different today than it had been in 1932.

16. In conclusion *Mr. Fleming* stated some of the basic questions concerning U.S. commercial policies which were prominent in the minds of Canadians. He asked whether the United States, as the greatest of creditor countries, was going to take the leadership in commercial policy to increase the flow of trade and particularly of imports into the United States. There had been some incidents which had given rise to the impression that the leadership which the United States had been displaying during the past few years and which had led to GATT might have spent its force. If the U.S. failed to provide leadership and the required impetus then the movement towards freer trade was bound to slow down and as a consequence, be reversed. Mr. Fleming also enquired what was likely to be the fate of U.S. trade agreements legislation between now and next June and what use the Executive would propose to make of such powers as it might secure. This was of crucial importance to Canada. He wanted to know more about the intentions of the United States Administration with respect to various escape clauses and particularly those affecting agricultural products. He expressed an interest in knowing what role the United States planned to play in the GATT tariff negotiations later this year. He noted that there were some bound items in the Canadian tariff which were causing us concern and which might have to be reexamined and renegotiated in due course. He referred particularly to the problems which were being experienced in connection with textiles where there seemed to be a tendency for U.S. exporters to regard the Canadian market as a "happy dumping ground." In taking whatever action might become necessary, the Canadian authorities would not wish to give comfort to protectionist forces in the United States. Mr. Fleming noted that the existence of the U.S. waiver of obligations regarding agricultural imports was bound to figure in the autumn negotiations. So long as the power existed to restrict imports of agricultural products, the Canadian Government would have to proceed in formulating its own policies on the assumption that it is the settled policy of the United States Administration to retain freedom to act on agricultural trade. The forbearance on the part of the U.S. in not using quantitative import restrictions to Canada's detriment was recognized. Mr. Fleming referred to the O.T.C. which had been proposed by the U.S. The failure to approve it had caused the world to wonder. Finally, Mr. Fleming expressed the hope that in the forthcom-

---

[217] Voir volume 24, chapitre III, 2^{e} partie./See Volume 24, Chapter III, Part 2.

ing negotiations the United States would not insist on exacting precisely equal counter concessions from a country such as Canada where differences in size were so great and where the trade imbalance was so substantial. *Mr. Smith* emphasized that the Canadian Ministers had not come to Washington to "scold." They thought the United States should share their interest in resolving the problems which had been encountered and in avoiding misunderstandings over actions that might be taken in the future. Canada and the United States were joined in defence arrangements and were better neighbours than any other countries. Canada wished to play its full part in the defence of the Western World but it could only pull its weight effectively if the major economic problems could be solved; the U.S. had a direct role in recognizing that its Canadian partner must be strong. *Mr. Smith* suggested that the discussions should proceed as frankly and informally as possible. He was sure that neither side would wish to adopt a didactic approach.

17. *Secretary Dulles* appreciated the sincerity and frankness with which the Canadian Ministers had expressed their views. He thought it well to have any difficulties brought out into the open since bad feelings when concealed tend to fester and grow worse. Concerning Mr. Fleming's remarks about the imbalance in trade between Canada and the United States, Mr. Dulles recalled that by definition the total balance of payments (visible and invisible) had to balance automatically. If an attempt were made to reach an exact balance on merchandise trade alone, this would mean that a balance would also have to be achieved on invisibles as well in order to bring the totals out even. In Mr. Dulles' view it would be disastrous for the United States to aim at a strict balance on invisibles since this would involve a reduction or cessation of foreign aid and of military expenditures abroad. He noted that the dollar balances of foreign countries (including private persons) had increased by $12 billion since 1950. If this "imbalance" on invisibles were now to be terminated the United States would scarcely be capable of exerting the influence or exercising the leadership which Mr. Fleming had advocated. Secretary Dulles acknowledged that there had been defects on the part of the United States, but he thought there had also been some shortcoming on the part of Canada. Neither country was entirely above reproach. Unfortunately, however, the misdemeanours of the United States were more conspicuous and were felt more keenly than those of most other countries. Inevitably the normally good behaviour of the United States tended to pass unnoticed. Mr. Dulles doubted that the ratio of bad actions to good actions was higher for the United States than for other countries. The very fact that the Canadian economy had progressed in the way that it had over the past several years was surely in itself evidence that the United States had not used whatever capacity it possessed to hurt Canada. He was sure that the United States had no desire to damage Canadian interests.

18. *Secretary Dulles* referred to Mr. Fleming's remarks about the excessive dependence of Canada on the United States and questioned whether this was all that bad from Canada's point of view. Even very heavy dependence on a country which was basically sound and strong might not be disadvantageous. In his own experience, it was not always wise to diversify insurance merely for the sake of diversification without very much consideration of the relative dependability of the insurance companies. Such a diversification involved certain risks. Mr. Dulles noted that currency instability was probably a greater impediment to trade than were tariffs and other administrative restrictions. The U.S. dollar had kept remarkably stable in recent years. Other countries had been prepared to hold it for its own value. Moreover, the U.S. dollar had been used widely to support other currencies (an operation which incidentally could not, in Mr. Dulles' view, have been carried out if the emphasis had been on a straight balancing of visible trade). Mr. Dulles wondered whether

Canada would really be strengthened by moves to diversify its economic relations in the direction of less stable areas and currencies.

19. Concerning the Administration's plans for trade legislation, *Mr. Dulles* remarked that those in the United States who considered themselves hurt by imports were much more vocal and influential than those benefiting from exports. He noted that the degree of support in the United States for liberal trade measures had been affected by the changes which were taking place in the economy of the Southern States. That part of the country no longer thought mainly in terms of keeping open foreign markets for its raw cotton but was thinking much more of the attractions of protectionism for the industries which were developing there. There was no doubt that the renewal of the Reciprocal Trade Agreements Act and other measures to promote international trade would run into serious difficulties in Congress next year. He was confident that the battle would be won. The Administration's programme was being prepared and would be pressed with vigour.

20. *Secretary Dulles* stated that the U.S. is an advocate of the Common Market in Europe as an indispensable precursor to integration in other fields which was required to strengthen Europe. He commented on the importance of avoiding past divisions within the Western World which had robbed it of its prestige and moral strength. The Soviet Union had challenged us. Therefore unity must be supported even though there will be economic disadvantages. These disadvantages would not however be serious or lasting. The differences over economic matters could create or accentuate divisive tendencies. Mr. Dulles thought the whole free world had a great interest in steps that were being taken to reduce economic barriers on the European continent. Concerning the European Free Trade Area, Mr. Dulles remarked that this was not an effort to create political unity between nations which should have been united long ago, but rather the FTA represented straight economic/commercial arrangements. He added that the FTA raises questions for the U.S. to the extent that it was contrary to GATT.

21. *Secretary Dulles* remarked that in applying the spirit of GATT and the Trade Agreements Act, the West had to rely on broadly sound economic conditions. There had been great advances in Canada and in other countries. The standard of living had been raised. He added that in working out our GATT problems, it was necessary to do this in terms of general economic movements and atmosphere. Among other things, we must think of the needs of underdeveloped countries and our policies must be such as to hold these countries.

22. With respect to the problems of the economically underdeveloped countries, Secretary Dulles thought it most important that these countries should be assisted to move forward without employing coercion or compulsion over the use of labour or resources. He reflected that some massive monuments (and possibly more recently the sputnik) had been created by systems which relied on compulsion. He thought it preferable for the underdeveloped countries to avoid such methods if there appeared to be a reasonable chance that they would be able to get similar results by other means even though they might achieve those results more slowly. He thought this would be the wish of the underdeveloped countries themselves. The United States was anxious to assist them to pursue this alternative. He did not think that the underdeveloped countries would want to develop so fast that they would abandon their freedom. He remarked again that the United States would be less able to help if it looked only at the visibles in its balance of payments and attempted to keep them in line.

23. *Secretary Anderson* referred to recent developments in the United States balance of payments and observed that not many countries could conscientiously represent that the

United States was a "bad creditor" when it was putting out gold and dollars at the rate which had applied during the past seven years.

24. *Mr. Fleming* supplemented his earlier statement by a tribute to the role which the United States had played in Europe and elsewhere since the war and in particular to the great achievements of the Marshall Plan. In his judgment this Plan had saved Europe.

25. *Secretary Weeks* thought that if the elements which accounted for the difference between the level of Canada's imports and exports were to be examined, the imbalance might appear in a rather different light. He thought that about $1 billion of the deficit of some $1 1/4 billion represented machinery which Canada did not itself produce and which it had traditionally and almost inevitably procured from the United States. Apart from this major and rather special element, the categories of goods which were produced in both countries were pretty close to a balance. According to Mr. Week's figures Canada had accumulated $500 million last year as central reserves or as private balances. He thought the level of the Canadian exchange rate was an indication that the trend of economic relations between the two countries had been fairly favourable to Canada. He did not think it was true to say that Canadians were hewers of wood and drawers of water since it was evident that the economy was becoming industrialized and Canadian manufactured goods were being exported to the United States. Secretary Weeks also argued that the average rate of duty in the U.S. tariff was considerably lower than the average in the Canadian tariff.

26. *Secretary Dulles* intervened to observe that while the general Canadian payments position might appear satisfactory, he could understand the worries which had been expressed over the state of the visible balance if Canadians felt that the invisibles completing the balance were not dependable. He could appreciate uneasiness which might be felt about the possibility that, for some reason or even quite arbitrarily, U.S. investors might suddenly curtail or terminate the flow of investment funds into Canada.

27. *Secretary Week's* rejoinder was that if invisibles fell off equipment imports would fall off as well and the general position would not really be worsened.

October 7 — Afternoon Session

ITEM IV — (CONCLUDED)

28. *Mr. Fleming* gave a brief account of the Mt. Tremblant meetings of Commonwealth Finance Ministers. He described these meetings as happy and successful. He stressed that there had been no suggestion of attempting to set up a new system of Empire preferences. He explained that the Commonwealth was much different than it had been in 1932: there were now many more members with different kinds of interests. Furthermore the situation today was not one of contraction but rather of economic expansion. Concerning the Commonwealth Trade and Economic Conference, Mr. Fleming said that the decision to hold it had been unanimous. It was expected that it would be held in Canada in mid-1958 or thereabouts. It would not be a conference against the United States and it would deal with technical and capital assistance to underdeveloped countries, fields in which other Commonwealth countries looked to Canada. A good deal of preparatory work would be required and it was expected that Commonwealth officials would first meet in London early in 1958.

ITEM V — AGRICULTURAL POLICIES AND SURPLUS DISPOSAL[218]

29. *Mr. Churchill* referred to the importance of wheat in the Canadian economy, the existing wheat situation in Canada, and the place of Canadian wheat in the world wheat trade. He referred in particular to the large exports of the U.S. during the past year and the decline in Canadian exports. He also referred to the injury which Canada had suffered under the former barter regulations and the high subsidy on U.S. flour. He showed that Canadian wheat usually represented in past years about 30% of the world trade in this commodity, but last year it was only 22%, while the U.S. exports were 46% of world trade. He said that the Canadian share of the world trade in wheat should not be less than 30% and he asked that U.S. keep this in mind in their wheat disposal programme. In concluding his remarks he said there were five things he would like to have the U.S. consider:

(a) That the U.S. would be more restrained in their disposal of wheat for local currencies.

(b) That the barter transactions in wheat would be discontinued.

(c) That Canada is prepared to compete with the United States on flour on a quality basis and that Canada does not want a price war on either wheat or flour. What Canada wanted was a reduction in the U.S. flour subsidies.

(d) That "tied" sales in P.L. 480 agreements would be discontinued.

(e) The need for frequent consultation between Canada and the U.S. on international trade in wheat. In concluding Mr. Churchill said that Canada did not object to gifts of wheat to needy countries such as, India, Pakistan and Ceylon; the Canadian Government had made such gifts and would be making more.

30. *Mr. Dulles* remarked that the U.S. realizes the problems that Canada faces. He said that the U.S. also had difficulties in working out their wheat problems. He asked if there has not been enough consultation. Mr. Churchill invited *Mr. Sharp* to reply. Mr. Sharp said that he did not think consultations had been as successful as Canadian officials had hoped they would be, although U.S. officials had probably gone as far as they could. There had been some useful results from consultations, such as the discontinuation of bid sales of wheat; the growing belief on the part of United States officials that "tied" sales of U.S. wheat were now less necessary under P.L. 480 agreements; good behaviour in the field of price. However, he thought that consultations had not been effective in slowing down the rate of disposal of U.S. wheat which has resulted in preventing Canada making sales to a number of markets. There has been too much anxiety in the United States to dispose of wheat, at a very high rate he said and hence the U.S. had not met our main point in these consultations i.e. on the rate of disposal. This is where we required a greater measure of assurance from the Administration. By the totality of its efforts the U.S. has done grave injury to Canada's commercial sales of wheat.

31. *Mr. Benson* remarked that he had a great interest in Canada. He said the U.S. has no desire to enter into a price war. "What we want," he said, "is stability in wheat prices." He then read a statement copy of which is attached as Annex "F".†

32. *Mr. Churchill* then remarked that it is important to Canada to export 300 million bushels annually and if the U.S. had exported 46 million bushels less and Canada had increased her exports last year by this quantity, it would have made a great difference in the Canadian criticism of U.S. export sales. *Mr. Benson* remarked that there were a number of reasons why the U.S. was able to export such a large quantity of wheat last year. He cited the Suez situation and short crops in Europe. He said that he thought expansion of wheat exports in the future will depend to a large extent on the use of wheat by non-

---

[218] Voir section C./See Section C.

commercial importers and he hoped that sales of this kind could be made in such a way as not to injure other wheat exporters.

33. *Mr. Marvin McLain*, Assistant Secretary of Agriculture remarked that the U.S. Government has received many complaints from U.S. flour exporters because of loss of markets to other exporters. "If we were to reduce subsidies on flour to the same level as those on wheat the U.S. would lose her flour markets" he said.

34. *Mr. Churchill* remarked that United Kingdom buyers had informed him that they have purchased U.S. barley at 20¢ a bushel below the price of Canadian barley. Canadian sales of barley to export markets had been seriously injured by U.S. export barley sales.

35. *Mr. Sharp* remarked that the Canadian Government is contemplating a contribution of wheat to India, Pakistan and Ceylon under the Colombo Plan, but how large these contributions will be had not been decided. "We would like to cooperate with the U.S. on this programme and Canada would like to start this programme soon," he said. The quantities which Canada will export are likely to be small, he said, and he hoped that shipments from Canada could be so arranged that they would not be disturbed by the large shipments of wheat from the U.S. *Mr. Benson* said that they would be prepared to co-operate.

36. *Mr. Dillon* remarked that Japan needs more wheat than the U.S. can supply. He also said that U.S. would be glad to have Canada supply wheat to India. He added that the U.S. had supplied some wheat to Pakistan and that they would be glad if Canada could help this country as well. Mr. Dillon also referred to the 86 million bushels of wheat which had been disposed of under barter arrangements. He said that of this total, 71 million bushels had gone to Western Europe and that the discontinuation (he no doubt meant modification) of barter operations should go a long way to help Canada's sales to Europe.

37. *Mr. Churchill* remarked that wheat acreage in Canada has declined from 28 million to 21 million acres and he hoped that as a long term programme, it would be possible to maintain the area in wheat at about 20 million acres. He mentioned briefly the effects of the storage and handling situation in St. Lawrence ports on the ability of the Canadian Government to maintain wheat prices, and said that if the congestion continued we might have to make some reduction in our wheat prices. He stated again the hope of the Canadian Government that the Administration would do everything possible to protect Canada's export objective of 300 million bushels. *Mr. Benson* said that to control production by reducing wheat acreage had not in their experience been successful because the acreage taken out of production had been put into other crops. Part of the local currencies derived from disposal programmes, Mr. Benson added, had been used to develop export markets for the future.

ITEM VI — CANADIAN-U.S. TRADE IN AGRICULTURAL PRODUCTS

38. *Mr. Harkness* remarked that Canada's inability to sell wheat had resulted in a large production of feed grains for livestock and poultry. The inability of Canada to sell wheat had had a significant effect on the economy of Canada as agriculture was so much more important in Canada than in the U.S. In Canada, Mr. Harkness continued, agriculture was a depressed industry and farmers were suffering from a cost-price squeeze. They were demanding relief and wanted a system of price supports. They pointed to the fact that supports had been granted in the U.S.

39. For the year 1958, *Mr. Harkness* said, exports of agriculture commodities from Canada to the U.S. had a value of $204 million, while Canadian imports of those commodities from the U.S. were valued at $362 million. Canadian farmers, he continued, wanted to correct this imbalance in trade. Furthermore there had been significant turn-abouts in Canada-U.S. trade in important commodities: Canada exported $1 million worth of eggs to

the U.S. but imported $12 million worth; we also imported more potatoes and poultry than we exported; we exported $17 million worth of fruits and vegetables to the U.S. and imported these commodities to a value of $153 million.

40. Seasonal tariffs *Mr. Harkness* continued had not been effective. He referred to the indirect as opposed to the direct competition between U.S. and Canadian agricultural products: there were a number of "invisibles" which made the competitive position of Canadian producers difficult. He mentioned that while, for example, Canada did not grow citrus fruits, the imports from the U.S. (in fresh or tinned form or as juice) compete with such Canadian products as apple and tomato juice. Canadian fruit and vegetable growers wanted a reduction in imports when Canadian fruits and vegetables come on to the Canadian market. Furthermore U.S. exports of these commodities, particularly the abnormally low-priced, adversely affect prices in Canada. He emphasized that a very small quantity of imports could upset prices in the Canadian market with damaging results. Irrigation, Mr. Harkness said, had been an indirect subsidy to U.S. producers; the large increase in the irrigated acreage of strawberries in California for example had resulted in a very great increase in production of this fruit. U.S. agriculture he said is subsidized to a much greater extent than Canadian production. From 13 to 15% of the income of U.S. farmers comes from the government, but only 3% in Canada. This, Mr. Harkness remarked, makes competition difficult for Canadian producers. Moreover U.S. price supports had contributed to excess production of agriculture in the U.S. and to the greater use of mechanization: price supports represented incentive payments for increased technology, etc. Potatoes was an example he said of the use of labour saving machines in production which had made it difficult for Canadian potato producers to compete with U.S. potato growers. In moving to price supports, Canada would be initiating what the U.S. had been doing for some years past. *Secretary Benson* expressed the hope that Canada might profit from the unhappy experience of the United States in the field of price supports. *Mr. Harkness* concluded his statement by expressing his satisfaction at the tariff concessions which have been granted by the U.S. and at the moderate way that the U.S. Government had dealt with certain import controls such as rye.

41. Such developments, *Mr. Harkness* concluded, had led farmers in Canada to demand price supports and he intimated that the Canadian Government might be forced to grant such supports along with a pattern of protection which we had not hitherto gone into.

42. *Secretary Benson* said that he fully agreed with what Secretary Dulles had said during the morning meeting about adverse trade balances (see para. — above). He pointed out that the U.S. had an adverse balance of trade with Canada on a large number of commodities. The encouraging fact was that on the one hand, the U.S. was deficient in certain commodities and on the other hand Canada was consuming more. Canadian exports over-all were holding strong despite fall in exports to U.S. Furthermore, Canadian agricultural production had been increasing at a faster rate than U.S. production. Secretary Benson remarked that the U.S. Administration also received complaints from U.S. farmers about agricultural imports from Canada, e.g. grains and livestock products. He said that the U.S. would like to discuss Canadian restrictions with Canadian authorities. He remarked that Canada had not complied with GATT and had not informed the U.S. about some of the restrictions which had been applied. He hoped that there would be the required consultations since it was very vital, he thought, that GATT be continued among friendly countries of the free world. He said that the difficulties in maintaining U.S. support for the GATT and in getting a renewal of the Trade Agreements Act would be greatly increased if friendly countries which had problems did not attempt to deal with them in conformity with the procedures laid down in the GATT.

43. *Secretary Benson* emphasized that U.S. restrictions were imposed only after rigorous procedures, international and domestic, including critical examination by the Administration, public notices and hearings, etc., had been gone through and that the objective of the Administration was to keep such restrictions to the very minimum and to remove them as soon as might be permissible under the existing legislation. He said that quotas imposed by the U.S. were on the whole generous; both countries should "try to take action which will increase the trade between them." There was an urgent need, Mr. Benson concluded for "mutual understanding of our production and marketing in farm products" and a "comprehensive programme of joint studies by the United States and Canada on agricultural production and marketing."

44. *Mr. Harkness* remarked that he too would like cooperation between our two countries and he pointed out some of the reasons for the import restrictions applied by the Canadian Government on turkeys, heavy fowl and dry skim milk. *Secretary Benson* said that he knew exactly what Canadian Ministers meant when they spoke of the need for import restrictions to safeguard price supports. He regarded the U.S. experience in this field as quite unhappy and considered that Governmental efforts to bolster prices were an impossibility. Hence, he said, it was the desire of the present U.S. Administration to move away from rather than towards price supports, especially those which were at levels at which the products would not move (into commercial markets). In expressing the hope that Canada would follow the same direction, he emphasized his firm conviction that this course would be of greatest benefit to the farmers themselves.

45. *Mr. Fleming* said that the Canadian Government expected shortly to receive the report of the Canadian Tariff Board on its investigation of the tariffs on fruits and vegetables. Any changes which the government would decide to make would be referred to GATT. Mr. Fleming said he recognized that the Canadian position in GATT might be debatable. However, he considered that our restrictions had not done any real harm and that we would be negotiating in GATT soon: the present Canadian Government was not responsible for setting the high price support for dry skim milk. Mr. Fleming expressed the appreciation of his Government for the President's decision on imports of petroleum. Mr. Fleming said he would be glad to have studies made in Canada about the agricultural problems confronting the two countries. The U.S., he continued, takes the cream of the early market for strawberries and certain other commodities and these advantages to U.S. commodities seem to be getting greater. *Mr. Benson* remarked that an unusual situation had developed in the U.S. with respect to strawberries this year, but he did not think this situation would be repeated.

46. *Secretary Dulles* concluded the discussion by saying that in his view "there must be going on a revolutionary change in industry." It was difficult therefore to talk in terms of the past: for example the seasonal problems were passing because these (agricultural) products were available at all times. He said that the discussions had left three general impressions with him: the two countries should think about how they could work on parallel lines; about how they could help each other more; and about how world-wide solutions might be found (to agricultural problems?).

October 8 — Morning Session

ITEM VII — SOME SPECIFIC QUESTIONS OF SPECIAL INTEREST

(a) *U.S. Policies Affecting Canadian Mineral Products.*

Lead and Zinc[219]

47. *Mr. Churchill* opened the discussion with an expression of Canada's great interest in U.S. import policy relating to base metals. Mr. Churchill stated that Canadian Ministers would wish to be reassured that no steps would be taken by the U.S. to interfere with Canadian exports of lead and zinc. This was a matter of great concern to the Canadian lead and zinc industry and any measures to increase barriers on these products would result in substantial damage to Canadian interests. Mr. Churchill explained that his purpose in raising the matter was to find out what the U.S. intentions were so that Canada might be given an opportunity to offer suggestions, or alternatively of determining what adjustments would be required in Canada.

48. In reply *Mr. Dulles* said that lead and zinc had given the Administration a great deal of concern. The problem, as he saw it, was one of excessive expansion in all producing countries since the war; this had resulted in a world surplus of lead and zinc. He explained that the U.S. Administration had been confronted with a similar problem in 1954; at that time the President decided against imposing higher tariffs.[220] The solution adopted at that time was to keep the U.S. lead and zinc industry alive through a programme of government stock-piling. There had been no interference with imports except that foreign suppliers were advised not to take advantage of the stock-piling programme to expand their exports to the U.S. He went on to say that this approach worked reasonably well until recently when two new elements were introduced into the picture. Firstly, there had occurred a sharp decline in lead and zinc prices. Secondly, the government's funds for stock-piling were exhausted and because the stock-pile was now large enough no further funds could be allocated for this purpose. He explained that the U.S. had a difficult situation on its hands because there were a large number of communities spread through the western states which were entirely dependent on the production of these metals; the people engaged in this industry had no alternative skills, and there were no other opportunities for their employment. He pointed out that the legislation sponsored by the Administration had not been passed by Congress because of the pressure of other business; but that the President assured Congress that he would take steps under the R.T.A.A. to deal with the lead and zinc problem. The matter was now before the U.S. Tariff Commission. Mr. Dulles stated that it should be assumed that there will be additional protection granted to U.S. producers of lead and zinc; that it will probably take the form of a sliding-scale tariff rather than quota restrictions or voluntary restraints. As to timing Mr. Dulles expected that the report of the Tariff Commission would be available around the end of the year, and that the President would take action immediately on receipt of the report.

49. *Mr. Dillon* elaborated on Mr. Dulles' remarks. He explained that the U.S. was on a substantial import basis with respect to lead and zinc, importing some 55% of its total requirements. He stated that the U.S. was not trying to change the relationship between domestic production and imports. The problem was one of world surplus supply and there was need for some reduction in output. He felt that the U.S. should not be expected to bear a disproportionate burden of the downward adjustments. He referred to the sharp increase

---

[219] Voir section B, subdivision II./See Section B, Sub-Section II.

[220] Voir volume 20, chapitre III, 4e partie, section C./See Volume 20, Chapter III, Part 4, Section C.

in lead imports this year and also to the steady increases in zinc imports since 1954. In his view an increase in the lead and zinc tariffs would leave room for substantial imports; and that increased tariffs would not adversely affect Canadian sales as compared with what they were, on the average, over the past few years. It was the U.S. intention to maintain the present relationship of domestic production to imports in the ratio of 40:60.

50. *Mr. Fleming* noted that the U.S. report on lead and zinc was disappointing to Canadian Ministers. This was particularly so since the Administration had taken certain initiatives in proposing tariff increases on these products. He appreciated the explanations given, but these did not reduce the Canadian concern.

51. *Mr. Dulles* explained that the President had proposed tariff changes in this field, not because his belief in freedom of trade has changed in any way, but rather because the President hoped that this would put him in a position to control the legislation and make it more moderate. For this reason he hoped that no erroneous inferences would be drawn from the fact that the Administration had sponsored new tariff legislation.

52. *Mr. Fleming* added that Canadian concern related not only to the importance of the commodities in question but also to the implications which such action had for the direction of U.S. trade policy. He referred to the fact that the U.S. was apparently not in a position to offer compensation to countries whose interests would be adversely affected.

53. *Mr. Dillon* admitted that there were very limited powers under the R.T.A.A. to provide compensation and indicated that the alternative open to other countries would be to withdraw tariff concessions from the U.S. *Mr. Dillon* added that there would likely be new R.T.A.A. legislation next June; he expressed the hope that this would enable the U.S. Administration to offer effective compensation if countries could postpone countermeasures until that time.

54. *Mr. Fleming* commented that it was his understanding that until new legislation was introduced with new powers to make tariff concessions the only way to restore the balance of the trade agreement was by the withdrawal of concessions. He emphasized that Canadian interests would be damaged and that some lead and zinc mines would have to close down.

55. *Mr. Dillon* added that there was a relationship between the lead and zinc action and the programme for the renewal of the R.T.A.A.; there had been a great deal of criticism to the effect that the escape clause was inadequate. The mining interests in the U.S. had a powerful voice and if nothing were done for them it would be much more difficult to get the R.T.A.A. legislation through without more or wider escape clauses.

56. *Mr. Fleming* asked whether any consideration had been given to subsidizing U.S. lead and zinc producers rather than to tariff increases.

57. *Mr. Dulles* replied that this alternative had been considered and turned down. It was felt that subsidies would create many new difficulties; moreover they would be difficult to remove once introduced. In his view the real problem was that the demand for lead and zinc was declining.

58. *Mr. Fleming* remarked that if the blow was coming he hoped that the U.S. would soften it as far as they were able to.

59. *Mr. Dulles* expressed his regret that the U.S. felt compelled to take this action. He added that certain Latin American countries particularly Peru would be hit very hard.

. . .

(b) *The Magazine Tax*

85. *Mr. Dulles* stated that the magazine tax had been the subject of a number of complaints and was a matter of concern to the U.S. Government.[221] As he saw it, the magazine tax could be described as "tricky" domestic legislation which attempted to do by indirection what couldn't or wouldn't be done directly. In the United States view this tax had a discriminatory impact on certain U.S. magazines and was a device for evading the obligations of the GATT as well as other obligations. This tricky and complicated tax would, he feared, set a bad example for other countries and could have a damaging impact all over the world.

86. *Mr. Dillon* elaborated on Mr. Dulles' observations. He explained that the United States was more concerned with the principle of the matter than with the actual impact of the tax. It had had a bad effect on a number of magazines but there was a real question whether the tax had been effective in accomplishing its stated purpose. According to his information, the special edition of *Reader's Digest* in Canada had done even better after the tax was imposed. Mr. Dillon then restated the U.S. objections to the magazine tax along the lines of the last U.S. Note on the subject. His main emphasis again was that this tax would set a bad example to other countries and would have a severe impact on the free flow of information should other countries follow Canada and introduce similar discriminatory legislation.

87. *Mr. Fleming* referred to the active part he had taken in the debate in Parliament on the magazine tax. He said that the magazine tax dated back to the former Government and expressed the hope that his explanation of its background would not be interpreted as advocacy of this particular measure. He recalled that Canadian daily newspapers had, with few exceptions, opposed the magazine tax and that in the course of the Parliamentary debate he, drawing on the arguments of the dailies and adding to them, was also strongly critical of this measure.

88. *Mr. Fleming* recalled that the magazine tax was first referred to in the Budget Speech of March, 1956. Lines were drawn with present Ministers, then in opposition, opposing the tax. The Government of the day chose to reserve progress on this matter and there was no further reference to it until the last week of the Parliamentary session. The debate was brief, although not lacking in vigour. The view of the former Government was that the special editions involved a measure of unfair competition to Canadian magazines and that the purpose of the tax was to help equalize this element of unfair competition. Mr. Fleming referred to discussions on this subject which had taken place between the President and the former Prime Minister at Sulphur Springs and indicated that the *Reader's Digest* brief referred to by the President at that time had contained a number of statements which the then Canadian Government held to be inaccurate.

89. *Mr. Fleming* went on to say that *Reader's Digest* had taken the matter up in the courts and that litigation was now pending. *Reader's Digest* was questioning the constitutionality of the tax, presumably under the Property and Civil Rights Clause of the B.N.A. Act. Mr. Fleming expressed doubts as to whether their contention would be supported in the courts and explained that while the litigation was pending discussion would be held up in Parliament.

90. As to the effects of the tax, it would seem that there was no apparent adverse impact on *Time* and *Reader's Digest*. It had been his view that these two special editions were so solidly entrenched in Canada that Canadian advertisers would continue to use them even

---

[221] Voir volume 23, les documents 157 à 172./See Volume 23, Documents 157-172.

though it meant a higher advertising cost. The effect would be that Canadian advertisers would be left with less funds for advertising elsewhere; this prophecy of Mr. Fleming's appeared to have turned out right.

91. Representations recently submitted by the Periodical Press Association urged that the tax be retained. In their view, while *Reader's Digest* and *Time Magazine* had not been hurt, other U.S. magazines had been discouraged from introducing special editions in Canada. There was little more that Mr. Fleming could add at this time. He was certain that the measure could not be defended as a device to restrict the flow of information. He referred to the experience of the Bennett Government when twenty-five years ago it imposed a tariff on foreign magazines. The measure had been very unpopular and was soon withdrawn. *Mr. Fleming* was convinced that unless the magazine tax could be defended on the basis of the former Government's explanation — namely to remove an inequity — it could not be defended at all.

92. In conclusion, *Mr. Fleming* assured United States Secretaries that the Government would have a fresh look at the problem. He explained that there was a limit to what the Government could do in the coming session; but undertook that the Government would keep the matter under review.

(c) *United States Investment in Canada*

. . .

95. The Committee then turned to a discussion of United States investment in Canada. *Mr. Fleming* opened with the comment that while this subject was placed on the agenda by the United States side, Canadian Ministers welcomed it, because it gave them an opportunity to clarify the position of the Canadian Government on this important subject. There had apparently been, he said, a good deal of misunderstanding about the attitude of the Canadian Government to foreign investment. For this reason, he wanted to say clearly that the new Canadian Government welcomed foreign capital, and more specifically welcomed United States capital. The Canadian Government intended to maintain an atmosphere of hospitality to the inflow of capital from abroad. The Prime Minister, and others, had made public statements recognizing the important contributions which foreign capital had made to the development of Canadian resources and to the maintenance of the forward momentum of the whole economy. It was also recognized by the Canadian Government that capital inflow was not simply a matter of providing capital funds; along with the capital came new skills, know-how, technology, markets and many other important elements of economic growth. The Canadian economy had been among the freest in the world with respect to the inward and outward movement of capital. Mr. Fleming stated that it was intended to maintain this freedom for capital movement.

96. *Mr. Fleming* then went on to give a few facts and figures about the extent of foreign investment in Canada. There was at the present time, he said, some $16 billion of foreign long-term investment in Canada. About half of this total had come into Canada since the end of World War II. Total United States long-term investment in Canada amounted to $12 billion and a very large part of this total — close to $8 billion — was United States direct investment in Canadian industries. There had also been substantial imports of capital from Europe, especially from the United Kingdom and Germany, in recent years. Nevertheless, the United States was still supplying about 80% of the capital inflow.

97. One of the features of United States direct investment in Canada, continued Mr. Fleming, was the heavy concentration of this capital in certain industries. The petrochemical industry, for example, was about 100% owned and controlled in the United States. Others, such as the automobile industry, were also overwhelmingly dominated by

United States subsidiary companies. Mr. Fleming explained that this concentration of United States direct investment has had certain broad political implications for Canada. He referred to the Preliminary Report of the Royal Commission on Canada's Economic Prospects. The Gordon Commission had drawn attention to certain harmful effects flowing from the concentration of United States investment and some of the corporate practices that accompanied this concentration.

98. *Mr. Fleming* went on to explain some of the criticisms which have been heard in Canada about the operations of Canadian subsidiaries of United States corporations. The main complaint related to the fact that most United States subsidiaries are entirely closed to equity investment by Canadians. This was something about which the United States Administration could not do anything. It was essentially a Canadian problem; but Mr. Fleming considered it useful to clarify the issue. The fact that Canadians were excluded from equity investment in United States subsidiaries operating in Canada has had a bad effect on Canadian public opinion. Mr. Fleming felt that it was an unwise public relations policy for such companies to remain closed to Canadian financial participation.

99. The second principal criticism heard in Canada was that many Canadian subsidiaries were operated as though they were branch plants located in the United States, with little recognition of Canadian conditions or Canadian requirements.

100. Thirdly, and related to the second point, there was a feeling in Canada that many subsidiary companies did not have sufficient regard for Canadian interests in such matters as export policy, purchasing, research, personnel and so on. These complaints were exceedingly difficult to deal with, said Mr. Fleming, and were certainly not the fault of the United States Government.

101. *Mr. Fleming* then referred to concern in Canada about recent attempts of non-residents to gain control of certain enterprises which were, by their nature, national institutions; for example, the Sun Life Insurance Company. In the last 18 months, Mr. Fleming said, 5 out of 27 life insurance companies have passed to United States control. He explained that life insurance companies, like banks, were something akin to national institutions and deserved special attention.

102. The Canadian Government, *Mr. Fleming* said, believed in free enterprise and would wish to avoid interfering with it. Whatever action would have to be taken would take the form of inducements rather than coercion. Mr. Fleming referred to recent changes in the taxation agreement with the United States which had the effect of removing certain disincentives to non-resident companies issuing equity stock in Canada.

103. *Mr. Fleming* explained that he had himself been actively engaged in company law work and knew intimately the advantages to be gained from United States capital investment. He hoped that his comments would remove all United States apprehension about his Government's attitude to United States investment.

104. *Mr. Dulles* in reply, expressed appreciation for Mr. Fleming's statement. He was sure that this would help to allay apprehension in the United States. He could understand the concern felt in Canada about some of the by-products of large-scale control by United States companies. He referred to the earlier American experience with foreign investment which also carried with it substantial outside influence. Two world wars, he said, had changed all this. Speaking personally, Mr. Dulles commented that in his view some of the subsidiary companies did not behave wisely. He believed that it would be good and statesmanlike policy on their part to welcome Canadian participation. This would be the far-sighted and wise way for them to operate in Canada. There were, of course, exceptions

to this generalization. These things, he said, tend to work themselves out and in time subsidiary companies would adjust themselves to Canadian views.

105. The experience of capital flows between Canada and the United States, commented *Mr. Dulles*, provided a dramatic example of how a country as it matured industrially, produced capital surpluses which were used to help develop a less advanced neighbouring country. This experience, he said, was a good thing for other countries to see and he had referred to it often in his discussions with countries in need of capital. In Mr. Dulles' view, there were many countries whose policies and practices relating to the treatment of foreign private capital left a great deal to be desired. Were it not for these difficulties, he thought that there would be a much larger flow of private foreign capital in the world.

106. *Mr. Smith* commented on his personal experience in fund-raising campaigns for hospitals and universities. In some instances, United States subsidiaries in Canada had referred such requests to head office in the United States and were never heard from again. On the other hand, some United States owned companies in Canada had an excellent record in this regard, often better than Canadian companies. The International Nickel Company was cited as a case in point.

107. An exchange took place in which *Mr. Weeks, Mr. Benson* and *Mr. Anderson* commented on the investment problem. They all welcomed the full and frank Canadian statement and indicated their agreement with Mr. Dulles. Moral suasion was far preferable to legislation as a means of influencing company behaviour. They were confident that management would eventually get the point and adjust their operations accordingly.

. . .

SECTION B

RESTRICTIONS DES ÉTATS-UNIS SUR LES IMPORTATIONS
UNITED STATES RESTRICTIONS ON IMPORTS

SUBDIVISION I/SUB-SECTION I

PÉTROLE
PETROLEUM

139. DEA/2057-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2620 Washington, December 11, 1957

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tels 2273 Oct. 25,† 2382 Nov. 8,† and Desp 1655 Nov. 27.†

USA PETROLEUM IMPORT POLICY — WEST COAST AREA

1. The special Cabinet Committee[222] to investigate crude oil imports is expected to arrive at its conclusions and make its recommendations to the President most probably within a week on what, if any, steps it feels should be taken to curb rising crude oil imports in the USA west coast known as District V. The stage was set for this action by the initial report to the President of July last which recommended that the District V situation be reviewed before the end of the year, and the resultant public hearings of November 25 and 26 reported in the reference despatch.

2. We learned of the imminence of the Cabinet Committee decision and something of its nature in a rather unexpected, if not unique, way. Mr. Moline, Deputy Director, Office of British Commonwealth and Northern European Affairs of State Department, told us that Mr. Herbert Hoover Jr., former Under Secretary of State and presently adviser to the State Department on matters concerning the special Cabinet Committee, would like to talk about oil, quietly and quite unofficially. We responded to the invitation and saw Mr. Hoover yesterday afternoon. While Moline was present the meeting was clearly neither initiated nor sponsored by the State Department.

3. While the reason for it being Mr. Hoover who informed us on the probable nature of the Cabinet Committee's conclusions and recommendations rather than the State Department is obscure, there can be no question as to Mr. Hoover's warm and friendly attitude.

4. In a nutshell he confirmed the views transmitted to you after the hearings of November 25 and 26, that the arithmetic was such that the Cabinet Committee has no alternative but to recommend to the President that some form of voluntary action be undertaken by the District V crude importers to bring imports into better balance with domestic production, demand, and the inventory position.

5. The proposal that the Pacific Northwest area be split off from the balance of District V (which we characterized as problematical) was quickly discounted by Hoover, but it was not clear whether this idea which had received considerable discussion during the course of the hearings had reached the Cabinet Committee or had been screened out by the staff and advisory group. Hoover feels that District V is an homogeneous area with respect to the administrative aspects of oil exploration, production, refining, imports, exports, etc. and should not be tampered with. As for one part being oil deficient and the other having significant domestic production, he maintained that did not contribute to the argument for splitting the district so as to afford different treatment to imports into the two parts. It would make as much sense, he said, to break off, say, the New England States and New

---

[222] En mai 1957, le président Eisenhower a chargé un comité spécial du Cabinet d'étudier si les quantités de pétrole brut importées aux États-Unis menaçaient la sécurité nationale. Le comité était composé des secrétaires du Commerce, d'État, de la Défense, du Trésor, de l'Intérieur et du Travail. Le comité a remis son premier rapport en juillet 1957 et Eisenhower a approuvé rapidement la proposition qu'il avait formulée de demander aux entreprises de raffinage du pétrole de limiter volontairement leurs importations. Les seules entreprises à qui on n'a pas demandé de restreindre les importations étaient les entreprises de raffinage de l'ouest des États-Unis (District V) qui importaient du pétrole brut du Canada.

In May 1957, President Eisenhower commissioned a special Cabinet Committee to investigate whether the quantities of crude oil being imported into the United States threatened national security. The committee was made up of the Secretaries of Commerce, State, Defence, Treasury, Interior, and Labour. The committee submitted its first report in July 1957, and Eisenhower quickly endorsed the committee proposal calling on oil refiners to voluntarily limit their imports. Only refiners in the western United States (District V) who imported crude oil from Canada were not asked to restrict imports.

York from the balance of District I (which comprises the entire east coast) because that group of states has no indigenous oil production. Later, Moline mentioned that the breaking up of the USA into five petroleum administrative districts has a sound background based on the need for controls in World War II, and the whole statistical, administrative and transportation arrangements since that time have been based on the districts as they are presently constituted.

6. Hoover, after outlining the arithmetic, said that one of the problems in extending the voluntary program to the west coast was to arrive at a formula which would cut back total imports by a significant amount, while at the same time doing the least possible to disturb the flow of Canadian crude into the Pacific Northwest. This was the more difficult, he commented, in that the action would have to be within a nondiscriminatory framework. The weighting in favour of the Pacific Northwest refineries, he thinks, could, and indeed will, be achieved by using the years 1956 and 1957 as base periods. While he did not reveal the exact formula, the general effects can be deduced from what he did say. The overall objective will be for the first six months of 1958, to limit imports into District V from all foreign sources to approximately 220,000 barrels per day. This is about 129,000 barrels per day less than the estimates of the importing companies for the first half of next year, as tabled with Office of Defense Mobilization, and 89,000 barrels per day less than the current rate of imports. This very sizeable cutback of 37 percent from planned imports overall compares with something in the order of 5 percent to 10 percent cutback for the three Pacific Northwest refineries which might be expected to continue to import Canadian crude, i.e., General Petroleums, Shell, and the Texas Company. The peculiarity of the formula which would permit the flow of crude to the Pacific Northwest refineries to be cut back in a minor way as against the major cutbacks for all other refineries, was not spelled out but, as mentioned above, it is based upon the using of 1956-57 as the base period.

7. Mr. Hoover appeared to have a considerable knowledge of the Canadian petroleum scene and was generally aware of the developments of the past few months in Alberta. He may have had some recent prodding on the Alberta picture as we learned from Mr. Moline that Hoover had met Mr. I.N. McKinnon, Chairman of the Alberta Oil and Conservation Board, at the Oil Compact Commission Meeting in Tulsa last week. In fact, he was using statistics provided by Mr. McKinnon as part of the basis for his discussion with us.

8. His views on the Alberta production picture are pretty close to those expressed in the latter part of our 2273 October 25. The general flattening out of demand, the Vancouver refinery strike, the loss of the Suez-born temporary market in California, and increasing competition from Saskatchewan crudes, were all mentioned by him. In addition, however, he said that it should not be forgotten that in terms of competition in the crude oil markets Alberta crude is high priced.

9. We suggested that in addition to the direct effect on Canadian exports, the extension of the voluntary import program to the Pacific Northwest area could have the effect of at least deferring the plans of other refiners to establish facilities in that area based upon a supply of Canadian crude. Hoover felt that companies which hope to get into the Pacific Northwest refining picture would have the opportunity to state their positions on a case-by-case basis in much the same way as new importers into Districts I to IV are given an opportunity to share in any increased demand for petroleum and its products.

10. While we did not pursue the point with Mr. Hoover, it seems to us that the threat to Canadian marketing in the Pacific Northwest area over the short and middle term futures might be more significant than the relatively small cutback expected under the formula which Hoover anticipates the Cabinet Committee will recommend. There is no rationing or

pro-rationing of oil production in California, and one might reasonably expect that the California producers will continue to raise oil at "maximum efficient rates" indefinitely. In addition, there is the new Four Corners Pipeline which, while it is expected to put only an average of 28,000 barrels per day into California during the first six months of 1958, has an initial installed capacity of 60,000 barrels per day and, with additional compression, could easily be increased to 150,000 barrels per day. There is as well the replacement of heavy oils for energy producing purposes by natural gas as quickly as additional gas is available. (Interestingly, one of the reasons for the supplanting of oil by gas is that the combustion process in the plants has been found to be a heavy contributor to California's "smog" problem.) With the prospects of increased supply, probably in excess of even optimistic estimates of increases in consumption, the companies thinking in terms of new refineries in the Pacific Northwest may find themselves limited to the ability of that area to absorb their products. It is even possible that the Pacific Northwest refineries might encounter increased competition from products brought north from the California refining areas based upon indigenous California production plus the West Texas oil through the Four Corners Pipeline plus the allowable imports from Venezuela, Mideast, and Southeast Asia crudes at favourable tanker rates.

11. An interesting sidelight of the California position was revealed in Mr. Hoover's discussion when he told us that one of the factors contributing to the top heavy inventory position in District V is that military liftings of petroleum and petroleum products have been down considerably. These liftings are significant and when they were all from west coast sources amounted to from 100,000 to 150,000 barrels per day. The navy had ceased to take west coast oil and had switched to the products of the Aruba-Curacao refineries because of a small price advantage and the availability of navy tankers freed by the reopening of Suez. A contributory factor which made the Caribbean products attractive to the USN was that being USA government-owned ships, they did not pay a toll for passage through the Panama Canal and the national freight rates were low. Mr. Hoover expressed the opinion that the price advantage to the USN appeared to be marginal and pressures would be brought to bear to induce the USN to resume its liftings from the west coast. In fact, the District V demand figure for the first six months of 1958 of just under 1,300,000 barrels per day which Mr. Hoover mentioned, includes sizeable military liftings.

12. In reply to a query concerning the possible effect of the extension of the voluntary program to District V on congressional and particularly senatorial thinking, with particular reference to Section 7 of the Trade Agreements Extension Act, Hoover gave as his opinion that a successful voluntary program extended to cover the west coast could not help but contribute to the strength of those who are opposed to writing more restrictive measures into the trade agreements legislation. In thinking out loud, Hoover said he thought the question of increasing the tariff on crude oil, if it is raised, could and would be beaten back on general USA policy grounds which would leave the alternative of writing specific and mandatory allocations into the trade agreements legislation. He thinks the entire oil industry of the USA is against any thought of rigid mandatory quotas or allocations and this, of course, makes the success of the voluntary program that much more important. He mentioned quite directly that he felt it would be in the best interests of Canada and the Canadian petroleum industry if the USA could avoid mandatory controls. We told Mr. Hoover that we were grateful to have his views and to get from him an idea of what the Cabinet Committee will probably recommend, but we also expressed the view that any cutback in exports of Canadian crude to the Pacific Northwest would not be favourably received in either Ottawa or Alberta. He replied that he understood this but that there had been a genuine effort to establish criteria which would disturb the importations from

Canada to the minimum and that the alternatives to this voluntary system under which the Canadian imports would be reduced in only a minor way would be some form of inflexible mandatory controls.

13. Since dictating the above, we have received further indications of the formula which the Cabinet Committee is expected to suggest to the President and some information on its derivation. We shall transmit a separate message covering the statistical aspects.

14. We would be grateful for any comments on the substance of this message and the information on the formula for onward transmission to State Department which has indicated it would be grateful to receive Canadian reactions.

15. Whether other countries who are significant exporters to the USA are being informed prior to any announcement is not known, but it is assumed that at least the Venezuelan representative will be briefed by the State Department.

[N.A.] ROBERTSON

---

140. DEA/2057-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord
à l'ambassadeur aux États-Unis

Permanent Representative to North Atlantic Council
to Ambassador in United States

TELEGRAM 2506 Paris, December 17, 1957

SECRET. OPIMMEDIATE.
Reference: Your Tels 2628† and 2651† Dec 11, 12 and 14.
Repeat External, London (OpImmediate) (Information).

US PETROLEUM IMPORT POLICY — PROPOSAL TO EXTEND "VOLUNTARY" RESTRICTIONS TO WEST COAST AREA

For Mr. Robertson from the Prime Minister:

I regard the threat of USA import rationing on Canadian petroleum as a matter of grave concern to the Canadian Government. I understand that the Government of the USA intend to extend their "voluntary" import restrictions in such a way that, for the first time, Canadian exports will be directly affected.

2. I further understand that the USA Government has explained and defended its programme in terms of national defence and security. Since this is the case, I consider that they are bound, before enforcing it in respect of Canada, to consult with us in the light of their undertakings set forth in the Joint Statement of Principles for Economic Co-operation of October 26, 1950,[223] and of the machinery provided when, on April 12, 1949, the Joint Industrial Mobilization Committee was set up.[224] The statement of principles reads in part as follows: "Such USA and Canadian emergency controls shall be so designed and administered as to achieve comparable effects in each country. To the extent possible, there shall be consultation to this end prior to the institution of any system of controls in either

---

[223] Voir volume 16, les documents 775 à 795./See Volume 16, Documents 775-795.

[224] Voir Canada, ministère des Affaires extérieures, *Affaires Extérieures*, vol. 1, n° 6, juin 1949, pp. 26 à 27.
See Canada, Department of External Affairs, *External Affairs*, Vol. 1, No. 6, June 1949, pp. 23-24.

country which affects the other." It is my view that the proposed extension of the USA control system does not "achieve comparable effects in each country."

3. On the contrary, the new rationing system, while involving no cut-back in USA domestic production, would bear heavily on Canadian producers in areas that are, because of recent changes in demand - supply relationships, already experiencing severe difficulties. Exploration and development in sections of Province of Alberta, on which the USA would unquestionably call in a time of international emergency, are already declining. If the decline in Canadian production, development and exploration were to be aggravated by actions sponsored by the USA Government, the reaction on the part of the Canadian public would be most unfortunate. The Canadian Government would be under heavy pressure to take uneconomic actions, relating to petroleum and other products, which would be prejudicial to the prosperity and security of our two countries. Canadians would find the USA action particularly hard to understand in the light of the common defence interests of the two countries and of Canada's massive trade deficit with the USA.

4. Finally, I consider that the action now proposed is contrary to the spirit and purpose of the North Atlantic Treaty, and particularly of Article 2, in which all the partners undertake that "they will seek to eliminate conflict in their international economic policies."

5. My colleagues and I, on this delegation to the North Atlantic Council,[225] will seek informal opportunities to bring our views to the attention of appropriate members of the USA delegation and we shall inform you of whatever conversations may take place here. Meanwhile I would wish you to present these views urgently to the authorities in Washington at the highest level practicable.

---

141. DEA/2057-40

L'ambassadeur aux États-Unis
au représentant permanent auprès du Conseil de l'Atlantique Nord

Ambassador in United States
to Permanent Representative to North Atlantic Council

TELEGRAM 2672 Washington, December 18, 1957

SECRET. OPIMMEDIATE.
Reference: My Tel 2666 Dec 18.†
Repeat External (Information).

USA PETROLEUM IMPORT POLICY

When I saw Murphy this morning he was accompanied by Becker, the Legal Adviser of the Department of State, and Moline who has been working closely with Hoover and the President's Advisory Committee which devised the voluntary import restriction system and is now recommending its extension to the Pacific coast states. I spoke in the sense of your instructions. They were disturbed to learn what in your judgment the reaction would be in Canada to an announcement of the extension of the voluntary restriction system to District No. 5. They said that the President's Advisory Committee had attempted to give special consideration to the position of the Canadian producers with whose problems they were familiar. The whole effort to adjust the USA imports and anticipated requirements by a system of voluntary limitation was designed to forestall mounting congressional pressure for the imposition of a higher customs tariff and/or rigid quantitative limitation of imports on a country by country basis. They believed that the system of voluntary limitation, if it worked, would be better both for the USA and for the oil exporting countries than this alternative. The voluntary system was flexible and it could be adjusted on a regional basis to meet increases in USA import requirements. It would also be abandoned if the overall supply and demand relationship permitted. The alternative was a system of mandatory control which would be more rigid, harder to modify and probably more protectionist in its incidence.

---

[225] Le premier ministre Diefenbaker était à Paris pour assister à la réunion des chefs de gouvernement de l'OTAN. Voir volume 24, chapitre II, 4e partie.

Prime Minister Diefenbaker was in Paris attending the NATO Heads of Government meeting. See Volume 24, Chapter II, Part 4.

2. They argued that Canada stood to gain rather than to lose by accepting the system of voluntary limitation. The rapid resumption of Mideastern oil shipments, the sharp fall in tanker rates and the increased availability and competitiveness of Venezuelan oil along the Pacific coast, have all combined to create a very precarious price situation in District No. 5. Imports into this area in the last few months have been in excess of its consumption by an average of 100,000 barrels a day. The refineries in this area which are taking Canadian petroleum are presently paying $1.50 to $2.00 more per barrel for it than they would have to pay for Mideastern oil. If the USA does not extend the voluntary restriction scheme to the Pacific coast quickly, they feel that prices in this area may break sharply. If they do break, Alberta as a relatively high cost supplier may find itself priced right out of the market. If our present marketing connections with the Puget Sound refineries are broken by a price drop which we cannot meet, it may be very difficult to get back into that market in our present volume. They contended that, in what they recognize to be a difficult and ungrateful situation for everybody, our interest would be better protected by accepting a voluntary import limitation scheme which permitted refiners normally using Canadian crude to import 59,000 barrels per day (as against actual average imports in the last two months of between 57,000 and 58,000 barrels per day) and as against "nominated" imports in the next six months of 64,000 barrels a day, than they would be if there were no regulation of imports into District No. 5. In this connection they suggested that the Puget Sound refineries would be maintaining substantially the same relative position as the British Columbia refineries in their demand for oil from the pipeline since the demand for oil appears to have been flattening at about the same rate in both markets in recent months.

3. I said that we recognized that there were a number of factors affecting the current demand for Canadian petroleum, that tanker-borne competition was increasingly severe and that there was also a perceptible levelling off in the rate of domestic consumption in Canada as in the USA. We would not contend that the falling off in the demand for Alberta oil from the Suez peak of some 440,000 barrels a day to the present level of something like 250,000 barrels a day could be attributed to changes in USA import policy. Nevertheless they should not minimize the impact of new USA import restrictions on the Canadian position. In the long run the impact on policies and attitudes could be very much more important than its immediate impact on markets and prices. The economic justification of the trans-mountain pipeline had been based on the prospect of unrestricted access to the expanding markets of the Pacific Northwest. The economic case had been supported by strategic considerations which had induced the USA service departments to go out of their way during the construction period to help the pipeline to secure scarce supplies of material needed for its completion. I understood similar strategic considerations had led the USA authorities to grant especially favourable investment writeoffs to new refineries in the Puget Sound area, which were erected to process pipeline oil from Canada. In view of

these special considerations against the background commitments which our two governments have made to cooperate in the economic aspects of defence policy it would come as a great shock to Western Canada to learn that the USA import restrictions would put a stop to prospects of expansion in this direction. The pressure to look for alternative markets in other directions would be great and the end result as the Prime Minister's message hinted might well be our involvement in very costly and probably uneconomic diversions of Western oil unable to reach what seemed to be its natural market in the Northwest to more distant domestic markets where it would take the place of petroleum presently imported from Venezuela, the Gulf ports and the Mideast.

4. I had been wondering whether it would not be practicable for the USA to justify a differentiation between the treatment of pipeline and tanker-borne imports, particularly perhaps in the application of a policy of voluntary import restrictions which on its face was not intended to be permanent but was designed to facilitate transitional and what was hoped would be temporary adjustments in the USA oil position. I thought that in our continental context one could make a pretty good case for regarding international transfers of energy, whether by pipeline or transmission wire as constituting a special problem for both countries which had no exact counterpart anywhere else in the world. Neither the ordinary pricing procedures of commodity markets nor the ordinary principle of a liberal commercial policy were really very relevant to the special problems which such exports or imports of energy through fixed facilities present. Any approach to present problems along these lines would raise very big issues for both countries. Our government has recently set up a strong commission[226] to advise it on questions of policy in this field which is still largely unsurveyed, certainly in Canada and possibly in the USA too. I thought that our government would like to benefit from the Royal Commission's recommendations before taking any major decision. At the same time it would, I was sure, be unfortunate if the repercussions of a quick decision taken by the USA should turn out to prevent us from exploring with the USA the possibility of working out oil and gas import policies which would make the most sense within our continental framework.

[N.A.] ROBERTSON

---

[226] La Commission Borden, soit la Commission royale d'enquête sur l'énergie, a été créée en octobre 1957 pour étudier tous les aspects de la situation énergétique du Canada. Ce n'est qu'en 1959 qu'elle a communiqué son premier rapport.

The Borden Commission, formally known as the Royal Commission on Energy, was formed in October 1957 to examine all aspects of Canada's energy situation. It would not release its first report until 1959.

142. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 21, 1957

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
  and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks) (for afternoon meeting only),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill) (for afternoon meeting only),
The Minister of Justice
  and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith) (for evening meeting only),
The Minister of Northern Affairs
  and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith) (for afternoon meeting only).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

UNITED STATES PETROLEUM IMPORT POLICY; EXTENSION OF VOLUNTARY RESTRICTION SYSTEM TO CANADA
(PREVIOUS REFERENCE DEC. 16)†

10. *The Minister of Finance* said that the U.S. authorities concerned, both Secretary Anderson and Mr. Dillon attending the N.A.T.O. Ministerial meeting and others in Washington, had been made familiar with the government's views on the proposed application to Canadian exports to the West Coast district of the system of voluntary import restrictions on petroleum to the United States.

The U.S. government, in the present circumstances, felt it must extend its system of voluntary restrictions to the West Coast district. However, if the system were applied to Canadian exports the Administration was faced with an awkward dilemma. If restrictions were based on grounds of national security, they would, in fact, be going against the special arrangements made some years ago in the very interests of defence. On the other hand, if action were not taken with reference to defence, the U.S. would be violating the G.A.T.T.

A further message on the subject had just been received from Washington, in which it had been indicated that the U.S. authorities were becoming increasingly disturbed at the possibility of a break in oil prices on the west coast, which could have serious effects on Canadian suppliers as well as those in the U.S. Rumours were rife about an impending announcement of action and the U.S. was anxious to know how soon the Canadian government could present any further views it might have on the subject. Meanwhile, the Administration would do its best to hold the line, but this might not be possible for more than a few hours.

The Minister said it had been suggested that it would be better for Canada to take a 5 per cent or 10 per cent cut on a voluntary basis rather than have much more drastic action imposed later on if a real emergency occurred. He thought a message should be sent to Washington immediately saying that the measures the U.S. had in mind should not include oil entering by pipeline.

11. *The Minister without Portfolio (Mr. Macdonnell)* said he and the Deputy Minister of Trade and Commerce had discussed this subject with the Premier of Alberta and representatives of the oil industry in Toronto on Thursday. The meeting thought it might be useful to remind the U.S. government that, in the event of war, it could not count on oil from South America or the Middle East, that the U.S. would be thrown back on North American oil, and that therefore, Canadian producers should be treated as an exception in the present situation. The meeting also explored the possibility of Alberta oil supplying the Montreal market.

12. *During the discussion* it was pointed out that the message proposed was, in effect, an official protest. Premier Manning should be advised of the step immediately.

13. *The Cabinet* noted the report of the Minister of Finance on the proposed application to Canada of the United States programme of voluntary restrictions on imports of petroleum, and agreed,

(a) that the U.S. government be advised immediately that it could, properly and should exempt from restriction oil entering the U.S. by pipeline; and,

(b) that the Minister inform the Premier of Alberta of the steps being taken.

. . .

---

143. DEA/2057-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

CONFIDENTIAL. OPIMMEDIATE. [Ottawa], December 21, 1957

U.S. PETROLEUM IMPORT POLICY

Following for Robertson from Minister of Finance. Begins: Reference your No. 2694 of December 20th.† This subject considered this afternoon by Cabinet immediately after our return from Paris. The government recognize the seriousness of the situation on the west coast but believe the United States can properly and should exempt from restriction oil entering the United States by pipeline. You are already aware of the arguments for this exemption. Ends.

144. DEA/2057-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2702 Washington, December 23, 1957

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Message Dec 21.
Repeat Departments T&C (Sharp), Finance (Plumptre), Privy Council (Bryce).

USA PETROLEUM IMPORT POLICY

The views contained in the message from the Minister of Finance were made known to State Department officials on Saturday evening and were repeated again to them during Sunday. They were confirmed in a letter to the State Department this morning and were communicated to Governor Adams for his information.

2. We have now been informed orally by the State Department of the results of their consideration of the matter. The problem had been examined carefully over the weekend and had been discussed at some length with Secretary Dulles this morning. They have concluded regretfully that it would not be possible for them to justify the degree of open discrimination in favour of Canada (or of pipeline oil) requested in your message. They see no alternative to proceeding on the basis of the committee's recommendations. Accordingly the report of the committee is being made available to the press today with an embargo on its publication until midnight tonight.

3. We recognize that this outcome will be found disappointing even though the committee's recommendations treat companies importing from Canada more favourably than others and even though the USA authorities did hold up publication last week in order to allow at least some opportunity for consultation with Canada.

---

145. DEA/2057-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 14, 1958

UNITED STATES OIL IMPORT RESTRICTIONS

I attach a draft Note which has been prepared in the Departments of Trade and Commerce and Finance for presentation in Washington. The Note reached us from the Department of Finance after it had been approved by Mr. Fleming. It is also being referred at his request to the Prime Minister and Mr. Churchill.

2. As you are aware, a good deal of interest has been shown in the House in this matter and, specifically, in having the Canadian Government put on the formal record their views on the limitation of imports of Canadian oil into the United States. In these circumstances,

I understand that Mr. Fleming is anxious to have the text of the attached Note sent to Washington by this afternoon, if at all possible.

3. The Note, as you will see, is very stiff in tone. For example, it contains such terms as "untenable" and "offend" which would normally be used only in the last resort. Similarly, I should have thought it sufficient in the final paragraph of the Note to press for reconsideration of the matter without using the phrase "without delay."

4. I am also not sure that the deletion of the penultimate paragraph would not improve the Note as a whole. I think that the argument, if confined to oil, could very well stand on its own feet. I also think that it might be better to leave out of this context references to problems like the United States surplus disposal programme — major problems in themselves — which it might be unwise to adduce merely to support the argument on oil.

5. Without wishing to detract from the seriousness of the United States restrictions on oil, I think that we must bear in mind that the United States Administration have acted and continue to act in this matter in such a way as to minimize the damage of the restrictions to Canada. This is something which the Administration cannot say in public. A reference to that fact is, however, included in our Note and I assume that, in these circumstances, we would not wish to make the contents of the Note public without prior consultation with the United States.

6. I have informed our Embassy in Washington of the present status of the Note. For their part, the Embassy have undertaken to ensure that the Note is conveyed to the State Department as soon as it is cleared here.

W.D. M[ATTHEWS]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Projet de note

Draft Note

CONFIDENTIAL [Ottawa], January 14, 1958

NOTE TO THE UNITED STATES GOVERNMENT PROTESTING RESTRICTION OF IMPORTS OF CANADIAN OIL INTO DISTRICT V

The Government of Canada regrets that the Administration of the United States has extended its programme of restrictions on oil imports in such a way that Canadian exports of oil to the West Coast area of the United States will be affected. This action has been taken in spite of the strongest possible representations made by the Canadian Government to the United States Administration on numerous occasions in recent weeks. The Canadian Government cannot accept the view that there is any justification for U.S. limitations on oil coming from Canada. This action appears to the Canadian Government to be in conflict with the provisions of the General Agreement on Tariffs and Trade, to be contrary to the principles of economic co-operation on defence matters agreed between our two governments, and to be inconsistent with the understandings reached on economic matters between all the members of the North Atlantic Treaty Organization at their recent meetings in Paris.

This recent action and, indeed, the whole U.S. oil import programme, have been based upon the proposition that oil if not restricted would be "imported into the United States in such quantities as to impair the national security." This, in relation to sales of Canadian oil in the State of Washington, is in the view of the Canadian Government a wholly untenable proposition. The refineries in the State of Washington were established with the actual encouragement of the United States defence authorities on the grounds that there is no local production of crude in that area, that water transportation of crude or oil products in wartime is vulnerable, and that the availability of an assured supply of Canadian crude to this area by pipe line is desirable for the security of supply of the petroleum requirements of the U.S. Pacific Northwest.

The General Agreement on Tariffs and Trade generally prohibits the use of import quotas and other restrictions. As for the Security Exceptions contained in GATT, the Canadian Government cannot see how these provisions can be invoked to justify barriers against oil imports from Canada.

The restriction of the export of Canadian oil to the United States appears to the Canadian Government to offend against the tenor and purpose of the principles for economic co-operation in defence matters that were formally confirmed in an exchange of notes between our two governments in 1950 and are recognized by both governments to be valid and in effect.[227] Particular reference is made to the following quotation from the notes:

> "It is agreed that our two governments shall cooperate in all respects practicable, and to the extent of their respective executive powers, to the end that the economic efforts of the two countries be coordinated for the common defence and that the production and resources of both countries be used for the best combined results."

It seems to the Canadian Government that the United States action in respect of oil imports accords ill with the communiqué issued at the close of the recent Paris meetings by the heads of the governments comprising the membership of the North Atlantic Treaty Organization. Attention is drawn in particular to the following two statements from the communiqué.

> "We will cooperate among ourselves and with other free governments to further the achievement of economic stability, a steady rate of economic growth, and the expansion of international trade through a further reduction of exchange and trade barriers."
>
> "We recognize the interdependence of the economies of the members of NATO and of the other countries of the free world."

The Government of Canada realizes that the substantial increase in oil imports into the West Coast area of the United States which took place in the latter half of 1957 constituted a pressing problem for the United States Administration. But the Canadian Government points out that Canadian oil played no part in this expansion; in fact, there was a reduction in the flow of Canadian oil to the State of Washington in this period. It was hoped and, indeed, expected that if oil imports into District V were to be restricted, some arrangement might be arrived at which would have the effect of exempting Canadian oil from restrictive action. It will be recalled that in the implementation of restrictions on oil imports into Districts I-IV inclusive, the formula applied was such that no immediate harm was done to Canadian sales in northern Minnesota, Wisconsin and Michigan.[228] While we fear that the normal expansion of our sales in this market, which we view as a natural and economic market for Canadian oil, may be slowed down by this action at some future time, no hardship has been suffered in the short period in which the import programme has been in effect.

---

[227] Voir volume 16, chapitre VIII, première partie, section B.
See Volume 16, Chapter VIII, Part 1, Section B.

[228] Note marginale :/Marginal note:
Advertizing USA discrimination in Canada's favour [L.E. Couillard]

We have pointed out previously that no sudden flood of Canadian oil into the Pacific Northwest area of the United States need be feared. Alberta, like Texas but unlike California, has already been prorating its production in relation to market demand. Like the northern U.S. Middle West, the Pacific Northwest region of the United States constitutes a natural and economic market for Canadian oil and, in the event of an international emergency, that region would unquestionably depend to a very considerable degree on Canadian supplies of oil.

In the view of the Canadian Government, it would be unfortunate, wasteful and surely unnecessary to find the United States and Canada committing themselves to restrictive practices which would be uneconomic, and harmful rather than helpful to effective co-operation should an emergency arise. The long-term effects of this action should not be lost sight of. The artificial restriction of markets cannot help but have a discouraging impact on the search for additional oil in Western Canada — an area of tremendous strategic importance to the United States, since it is internal to the North American continent. From an economic point of view, the continental marketing pattern, which has been developing gradually in the years since the emergence of the oil industry in Western Canada, is surely the most efficient means of utilizing the petroleum resources of the United States and Canada. This pattern entails the movement of Canadian oil into areas of the United States which can be supplied by the domestic industry only at a relatively high cost. Thus the interests of the United States petroleum industry are not impaired.

Finally, Canada's importance as a customer of the U.S. petroleum industry should be emphasized. Oil flows both ways across the international boundary. In fact in 1956 (the latest year for which complete data are available), the value of Canada's imports of U.S. crude and petroleum products exceeded $100 million, approximating the value of Canadian oil exports to the United States. Surely it is unwise to jeopardize this two-way trade which works to the benefit of both countries.

The restrictions imposed on shipments of Canadian oil to the United States cannot be viewed as an isolated action. Full account must be taken of the massive and persistent trade imbalance in favour of the United States, the damage to Canadian trade interests caused by the United States surplus disposal programme and the damage to Canadian trade which would result from the threatened imposition of new barriers by the United States against the importation of lead and zinc.[229] In the view of the Canadian Government the recent action on oil must be judged in the context of overall trade relations between the two countries.

In the light of the considerations outlined in this note, the Canadian Government urges that the United States Administration should, without delay, reconsider its oil-import programme and remove the limitations which have been imposed on the importation of oil from Canada.

---

[229] Note marginale :/Marginal note:
Unwise — too specific [L.E. Couillard]

146. DEA/2057-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 106 Washington, January 15, 1958

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tels E-66 and E-67 Jan 15.†

USA OIL IMPORT RESTRICTIONS

As the Secretary of State would not have been able to receive me before tomorrow, I arranged to deliver the note to Mr. Robert Murphy, the Deputy Under Secretary of State, at four o'clock this afternoon.

2. The note was numbered thirty and dated January 15, from the Canadian Embassy, Washington.[230] The following formal prefatory paragraph preceded the text contained in your telegram E-67:

"The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to transmit the following views of the Government of Canada concerning the oil import restrictions which have been the subject of discussions between the two governments during the past few weeks."

The rest of the note followed exactly the text in your message. The note was initialled "NAR" at the end.

3. Mr. Murphy was accompanied by Mr. Becker, the Legal Adviser, and Mr. Moline, who had been present when I had made earlier representations on the oil import restrictions. They had been following carefully the statements which had been made in Parliament about the impact on Canada of the USA voluntary restriction scheme and were not unprepared for the reception of our note, though not in a position to indicate whether the USA could take any action in response to its representations. None of the Americans commented on the terms of the note though Murphy said, perhaps ruefully, that he was glad to see that we had at least recognized that the substantial increase of oil imports into the West Coast area had "constituted a pressing problem for the USA Administration."

4. Moline said that he believed that the establishment of the voluntary import restriction scheme had prevented a serious fall in USA oil prices and that such a fall, if it had taken place, would have been much more damaging to Western Canadian producers than the import limitations to which they were subjected under the voluntary restriction scheme. He said they had really given a good deal of anxious thought as to ways of lessening the impact of this scheme in Canada and said, though this was something that could never be made public, that they had, as he believed we knew, gone out of their way to get private undertakings from the three principal importers of Canadian oil in the West Coast area that they would continue to secure their requirements from Canadian sources of supply even though other suppliers might undercut our prices.

---

[230] Pour le texte officiel de la note canadienne et la réponse des États-Unis, en date du 19 février 1958, voir United States, Department of State *Bulletin*, Volume XXXVIII, No. 978, pp. 465-467.

For the official text of the Canadian note and the U.S. reply, dated February 19, 1958, see United States, Department of State *Bulletin*, Volume XXXVIII, No. 978, pp. 465-467.

5. They had learned from the USA Embassy in Ottawa of the government's intention to table our note in Parliament on Friday morning. In the meantime, they would keep it secret here. They did not know whether they would make any supplementary statement at that time explaining the USA position and I gathered they would be considering whether they would wish to make public their note to us of December 24, 1957.[231]

[N.A.] ROBERTSON

---

147. DEA/2057-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], March 31, 1958

UNITED STATES OIL IMPORT RESTRICTIONS

I thought that you might like to have the following summary of developments on this subject subsequent to the most recent exchange of notes between Canada and the United States. That exchange of notes, as you will recall, dealt with the extension to the Pacific Coast (District V) of the voluntary controls on crude oil imports that had previously been in effect in all the areas east of the Rocky Mountains (Districts I to IV).

2. The basic problem in respect of crude oil is twofold: first, a slackening off in United States demand and second, very substantial increases in the supply of crude oil, particularly in the Middle East but also, to a lesser extent, from Venezuelan production. The first is generally held to be a short-term problem; the second may well be of a longer term nature.

3. The slackening off in United States demand is due to a number of factors, including the decline in economic activity and the dislocation caused by the Suez crisis which had abnormally stimulated production and refining activities. As a result, inventories have continued to rise and domestic production in the United States has had to be curtailed. The April quota which has just been set by the Texas Railroad Commission is equivalent to only eight days' production. On the other hand, it is clear that the competition of foreign crude oil imports is far from being the only factor that has adversely affected the domestic petroleum industry in the United States.

4. As for the voluntary import control programme, this has by and large worked satisfactorily. However a few substantial importers failed to comply with the programme and a growing number of new importers have been pressing for import allocations. In present circumstances, it has been obvious that they could be accommodated only at the expense of established importers.

5. With demand continuing slack and with difficulties arising in the operation of the voluntary programme, pressure was growing for some form of mandatory controls. Bills providing for such controls, both by quota and by high tariffs, were pending before Congress and it was the considered view of the Administration that some intensification of the present restrictions was necessary if Congressional action by way of mandatory

---

[231] Voir Canada, Chambre des Communes, *Documents parlemenaires du Canada*, 1957-58, Nº 225.
See Canada, House of Commons, *Sessional Papers*, 1957-58, No. 225.

controls was to be avoided. The Administration was also concerned that any deterioration in the position would be likely to result in a fairly sharp break in crude oil prices. This would be relatively more damaging to the position of the high-cost producers in the Western hemisphere than to producers in the Middle East.

6. The foregoing considerations were put forward by United States officials in technical and exploratory discussions that were held in Washington with a group of Canadian officials on March 10. Similar discussions were held later in the same week with the Venezuelans in Caracas. Our Ambassador in Venezuela participated in these discussions in the capacity of an observer. Copies of the relevant reports (Despatch No. 418 of March 14† from Washington and Despatch No. 114 of March 14† from Caracas) are attached for your information.

7. The same considerations also formed the basis of a report submitted to the President on March 24 by the Special Committee to Investigate Crude Oil Imports. The Committee, as you will recall, operates at Cabinet level and is under the chairmanship of the Secretary of Commerce. The Committee's recommendations, which were accepted by the President on March 27, can be summarized as follows:

(a) With effect from April 1 imports of foreign crude oil (but not of petroleum products) into Districts I to IV are to be further reduced on a voluntary basis from 771,400 to 713,000 barrels per day. This reduction is intended to restore the 12% ratio of imports to domestic production which governed the voluntary import control programme at its inception and which was held at that time to be necessary if domestic exploration and production were not to be discouraged to a point where the national security would be adversely affected.

(b) Established importers will have to accept not only the reductions dictated by the aggregate cutback in crude oil imports but will also be called upon to make room to accommodate certain new importers who have been pressing for allocations.

(c) Imports into District V (the Pacific Coast) are to remain unaffected. These, as you will recall, were cut back from the 1957 daily average of 81,700 to 64,000 barrels as of January 1. Since that time actual imports have been running substantially below permitted levels.

(d) The new restrictions are subject to review as and when domestic crude oil production in the United States resumes its normal upward progress.

8. In accepting the Special Committee's recommendations, the President also issued an Executive Order the broad effect of which is to extend the provisions of the Buy American Act to the Department of Defense (which has so far been exempt from them) and to limit the awarding of government oil contracts to companies which are complying with the voluntary oil import programme.

9. Inasmuch as imports into District V (the Pacific Coast) are not covered by the latest United States action on crude oil imports, the effect on Canadian sales is confined to seven refineries in the upper-mid-West refining area (Minnesota-Michigan). These are refineries which have been using mainly Canadian oil (principally from Saskatchewan) and their aggregate import allocations are to be cut from the present 67,600 barrels per day to 61,100 as of April 1 and 57,700 by September 1, or a total cut of the order of 15%. While it is true that most of these refineries have been taking less than their full allocation, the new restrictions will mean that those which have imported up to their ceiling (notably, the Great Northern Refinery at St. Paul which has had an allocation of 33,000 barrels per day) will be called upon to reduce their imports and that the others will have very little room, if any, for expanding their imports. As a very general proposition, however, it would be true to

say that the present rate of imports of Canadian crude oil into the United States is unlikely to be unduly disturbed by the latest United States restrictions.

D.V. LEP[AN]
for Under-Secretary of State
for External Affairs

---

148. DEA/2057-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], April 2, 1958

UNITED STATES OIL IMPORT RESTRICTIONS

In an accompanying memorandum[232] I have tried to summarize the most recent developments in this matter. The present memorandum is intended to set out certain supplementary considerations.

2. It had been evident for some time that the United States Administration were preparing to intensify the present restrictions on crude oil imports. A full review of the difficulties was given to Mr. Robertson at the State Department on February 28, in an endeavour to elicit Canadian views. In reply Mr. Robertson pointed out that all these matters were at present being investigated by the Borden Commission and that Ministers were understandably preoccupied with the impeding Canadian elections. In these circumstances it was unlikely that Canada would have any views to contribute to the problem beyond those embodied in our Note of January 15 which were to the effect that the limitations on imports of Canadian crude oil into the United States should be removed.

3. The Canadian officials who went to Washington on March 10 for technical and exploratory discussions took essentially the same position. They explained that they were not authorized to enter into any commitments or agreements on behalf of the Canadian Government. They also made it clear that the Canadian Government could not be expected to agree to any formal or informal controls which had the effect of inhibiting the free flow of Canadian commodities. Our representatives at the Washington discussions gave it as their view that it would not be in the interest of either country to fall into rigid systems of control. They warned specifically that the prospect of rigid or permanent restrictions on Canadian crude oil imports into the United States was bound to add to the pressure for the creation at Montreal of a market for Western Canadian oil. In the course of the ensuing general discussion, they also endeavoured to explore possible alternative courses of action which would not involve an intensification of the present import controls.

4. When it became apparent that the Administration had, in fact, decided to extend the present voluntary restrictions, every effort was made to have the relevant announcement delayed at least until after March 31. When Mr. Robertson saw the Assistant Secretary of State for Europe Affairs (whose responsibilities include Canada) on March 21, he reminded him that the existing restrictions had caused a good deal of concern in Canada and that, in the present state of Canadian opinion, any announcement of further restrictions

---

[232] Voir le document précédent./See previous document.

would undoubtedly have an adverse effect on Canadian-American relations. Again, on March 24, when a representative of the United States Embassy informed us of the terms of the proposed announcement, we made it clear that such an announcement could hardly come at a more awkward time for us and pressed for a delay beyond March 31. After discussing the matter with you on the telephone on March 25, I called in the United States Minister[233] and impressed upon him once again that if the announcement were made in the overheated atmosphere of the election campaign it would inevitably lead to the kind of comment that would do damage to relations between the two countries.

5. It is my understanding that, on the basis of these various representations, Mr. Dulles took the opportunity of urging a postponement on the White House. This was evidently known to the *New York Times* which, in its March 26 issue, ascribed the delay in the publication of the announcement to "last-minute objections" put forward by the State Department "at the urging of the Canadian Government."

6. As far as we know, the reason why the President decided against postponing the announcement, is that he was not willing to jeopardize support for the Trade Agreements Extension Act (on which, in a sense, much of United States commercial policy over the next few years will hinge) by giving offence to powerful Senators and Congressmen from the oil-producing states. One of these, of course, is Senator Lyndon Johnson from Texas, who is the Democratic majority leader in the Senate and who had already advocated, in a letter to the President, a mandatory 20% cut in crude oil imports accompanied by a sliding quota which would reflect any decrease in domestic production in those states regulating the flow of oil (e.g. Texas). Apart from Congressional pressure for a mandatory cut in crude oil imports, the President must have been influenced by the fact that the April production quota for Texas had just been reduced to eight days, the announcement of which no doubt added to the pressure for urgent action.

D.V. LEP[AN]
for Under-Secretary of State
for External Affairs

---

149. DEA/2057-40

Note de la Direction économique
pour le chef de la Direction économique[234]

Memorandum from Economic Division
to Head, Economic Division[234]

UNCLASSIFIED [Ottawa], May 30, 1958

U.S. OIL IMPORT RESTRICTIONS

Since this matter was last discussed interdepartmentally, the Government has:

---

[233] Note marginale :/Marginal note:
Merchant was away in Quebec City. D.V. LeP[an]

[234] Note marginale :/Marginal note:
The PM might feel that the suggested reply (our memo to Delworth of May 30†) meets the Parliamentary point made in your memo to me of May 21.† There will remain the question of the substance of possible Can. representations and the proposals we make therein: in this connection I agree with paras. 5 and 7 below which reflect my view. I assume tho [ugh] that the Borden Commission is very relevant to such representations we might make i.e. what is to be the Can policy? L. C[ouillard] May 30.

(a) made it clear, in response to representations by the independent Canadian oil companies on April 16, that no decision in the matter of creating a market for Alberta crude at Montreal could be taken until after the Borden Commission had reported;[235]

(b) declined to give its blessing to the proposed Mid-Continent Pipelines project to construct an oil pipeline from Edmonton to Chicago at a cost of $215 million, again on the grounds that the Government would have to await the report of the Borden Commission before declaring itself on this project.[236]

2. It is true that the Government's decision under (b) complicates matters in that it could be construed as a discouragement to the expansion of Canadian exports of oil to the United States. However, the Government's decision in this matter was clearly of a formal nature and it would have been difficult for them to give a positive reply to Mid-Continent Pipelines in view of the neutral reply that had previously been given to the independent Canadian oil companies.

3. I am inclined to agree, therefore, with Mr. LePan that the decisions set out above should not really inhibit the Government's freedom to make representations to or enter into discussions with the United States Government regarding the further oil import restrictions applying to Districts I to IV that were announced on March 27. I think it is fair to suggest that the Government will be expected to have taken *some* action in this matter, particularly since the announcement last December of the extension of the restrictions to District V resulted in fairly vigorous representations on our part.

4. My own feeling is that, as a first step, we should revert to the proposal on which interdepartmental agreement was reached on April 10, namely that we seek bilateral discrimination in our favour on the part of the Americans. In reverting to this proposal we should have in mind certain recent developments that may have a bearing on the issue. It seems to me, for example, that the debate on Canadian-United States relations in the Senate Foreign Relations Committee may have inclined at least some Senators to take a more liberal view of Canada's interests in this matter, especially to the extent that it is closely linked with the issue of North American co-operation in the field of defense. On the other hand, the Administration may be less inclined, in view of the recent happenings in Caracas, to take any action (such as discrimination in favour of Canada) that could conceivably be interpreted as rubbing salt in Venezuela's wounds. I am also doubtful if in present circumstances, we could still count on Venezuelan acquiescence in the kind of formula which Mr. Bower developed when he was here last month.

5. Indeed, I think that it might be useful to take another look at the soundness of the formula itself. As you will remember, it was based on the proposition that countries having reciprocal trade in oil with the United States would be exempted from the application of the current United States restrictions on oil imports. As I see it, the formula has several drawbacks:

(a) It is about the weakest argument on which to rest our case for special treatment.

(b) In essence, it implies that if country A takes a prescribed amount of country B's exports of a particular commodity, it can in this manner buy its way out of import restrictions in respect of that commodity.

---

[235] Le Cabinet a décidé de remettre à plus tard la construction d'un deuxième oléoduc vers Montréal, le 18 avril 1958.

Cabinet decided to postpone construction of a second oil pipeline to Montreal on April 18, 1958.

[236] Le Cabinet pris cette décision le 8 mai 1958.

Cabinet made this decision on May 8, 1958.

(c) It would provide an excellent precedent for countries wishing to direct their trade along bilateral channels and for every sort of use and abuse of import restrictions for purposes of trade promotion.

6. In summary, therefore, I think that we should be on record as having made representations against the extension of oil import restrictions in the United States in March.

7. In view of the period of time that has elapsed since then, it might be expedient to cover a somewhat broader front in our representations. We might, for example, refer to the proposals for mandatory restrictions that are at present before Congress. We might also — against the likelihood of lower import ceilings for District V in the second half of 1958 — try to anticipate the argument that the actual volume of oil imports from Canada does not seem to bear out our contention of injury to our interests. If we were to renew our appeal for special treatment, it would be preferable in my view if we rested our case on a full refutation of the "national security" argument which probably remains the only feasible basis on which the United States Administration could exempt Canada from the current restrictions (even the Ikard Bill would give the President discretion to allocate import quotas to other countries on the basis of national security considerations).

K. G[OLDSCHLAG]

---

150. DEA/2057-40

Note de la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures[237]

Note from Economic Division
to Under-Secretary of State for External Affairs[237]

CONFIDENTIAL [Ottawa], June 20, 1958

U.S. OIL IMPORT RESTRICTIONS

Recent messages from our Embassy in Washington indicate that the voluntary oil import restrictions covering the West Coast area (District V), which were put into effect last January 1 for a six-month period, are likely to be intensified after June 30, and that import allocations may be reduced considerably below the present 220,100 barrels per day. For the past few months actual imports into District V have been only about 70% of allocated imports, partly because demand has been declining and because crude oil is now entering District V in larger quantities from other United States sources.

2. The Embassy in Washington, which has been watching the situation closely, has reported that the President's Special Cabinet Committee which was established to investigate crude oil imports will probably be submitting recommendations to the President early next week regarding the level of import allocations for District V during the next six-month period. Although officials in the U.S. State Department are in favour of maintaining allocations at present levels the Embassy reports that there are strong pressures for the reduction of the existing allocations to bring them more closely in line with actual level of imports.

3. The Canadian Government has objected strongly to the voluntary restrictions which have been placed on the export of crude oil into the United States from Canada. Following

---

[237] Note marginale :/Marginal note:
Telegram initialed. Matter to be brought to Minister's attention upon his return. J. L[éger]

the extension of the import restriction programme to the West Coast area last December, our Ambassador presented a Note to the U.S. Secretary of State on January 15 urging that the United States Administration should reconsider its oil import programme and remove the limitations on the import of oil from Canada. In our Note we set out in considerable detail our objections from the economic and defence point of view to the limitations on imports of oil from Canada.

4. At the end of March the United States Government revised downward the import allocations for oil entering Districts I to IV. The prospect of a reduction in the allocations for District V gives rise to more serious concerns although it is not certain that the level of actual exports into this area from Canada will be immediately effected. A reduction in the allocations, however, would of course place a limit on the expansion of Canadian oil exports to the United States.

5. The Embassy in Washington has been actively keeping the Canadian position before officials of the United States Government concerned with the oil import programme. Officials of Departments concerned in Ottawa consider, however, that it would be useful to present to the United States Government a further formal statement of Canada's position. The Embassy in Washington agrees with this. It is difficult to be hopeful that a further note from us would in fact prevent an intensification of the restrictions, but at least we should guard against possible domestic criticism that this intensification of restrictions was not protested by us. We assume, also, that Ministers may wish to take up the question of these restrictions during the visit of President Eisenhower in July. A formal statement of our views at this time might facilitate these discussions by clarifying the position which our Ministers will presumably be taking.

6. Attached is a telegram to Washington which has been approved by the Ministers of Trade and Commerce and Finance, containing the text of a note for presentation to the Secretary of State. We had hoped that this telegram could have been cleared interdepartmentally earlier this week, so that it could have also been approved by our Minister. In his absence, however, we wonder whether you would agree to approve this telegram, in view of the desirability of having this note presented on Monday, if possible.

RODNEY GREY

---

151. DEA/2057-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM E-1051 Ottawa, June 20, 1958

CONFIDENTIAL. OPIMMEDIATE.

Repeat T&C (D.M. Fraser & M. Schwarzmann), London, NATO Paris, Geneva (Information).
By Bag San Francisco, Los Angeles, Seattle.

U.S. OIL IMPORT RESTRICTIONS

Ministers have been consulted regarding the possibility of an intensification by the United States government of the voluntary restrictions on oil imports into District V after

June 30, and have decided that you should present the following Note on this subject addressed to the Secretary of State at your earliest convenience.

2. Text Begins: The Canadian Ambassador presents etc. and has the honour to refer to the matter of restrictions affecting exports of oil from Canada to the United States. The Note from the Canadian Ambassador to the Secretary of State dated January 15, 1958 set forth in detail the view of the Canadian Government on these restrictive measures. Particular attention was drawn to the fact that these restrictive measures appeared to the Canadian Government to be contrary to the principles of economic cooperation on defence matters formally agreed between the two countries in 1950 and still in effect. The Canadian Government continues to believe that there is no justification for the limitations imposed on the importation of Canadian oil into the United States.

3. On March 31, 1958 restrictions on imports of oil into Districts I-IV were intensified to the further detriment of Canadian commercial interests. During recent weeks it has come to our attention that consideration is being given to the imposition of further restrictions on oil imports entering District V. Such a development would be a matter of serious concern to the Canadian Government. Restrictions on Canadian oil exports to the United States, which are an obstacle to the efficient utilization of the petroleum resources of our two countries, cannot fail to have an adverse effect on the Canadian economy and to influence the future course of Canadian trade policy.

4. The Canadian Government again urges that the United States Government should reconsider its oil import programme and remove limitations which have been imposed on the importation of oil from Canada. Text Ends.

---

152. DEA/2057-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1441 Washington, June 24, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel E-1051 Jun 20.
Repeat T&C (D.M. Fraser & M. Schwarzmann), London, NATO Paris (Information).
Repeat Geneva from Ottawa.
Airmail San Francisco, Los Angeles, Seattle from Washington.

USA OIL IMPORT RESTRICTIONS

Yesterday afternoon I presented a third person Note on this subject to Thomas Mann, the Assistant Secretary of State for Economic Affairs. The text of the Note was identical with that supplied in your message except that we added the word "restriction" between "import" and "programme" in the last paragraph.

2. Mann assured me that no repeat no decision had yet been taken concerning the future level of import restrictions applicable to District V. Although the previous report of the Cabinet Committee called for a review of the situation in that district by June 30 he personally hoped that it would be possible to avoid any significant new measures and in particular to avoid any intensification of restrictions which might hurt (or even appear to

hurt) Canada. He was not repeat not, however, able to forecast what the final recommendations of the Committee might be.

3. Mann noted that, apparently for purely commercial reasons, imports of Canadian oil into the Northwest were substantially below the amounts permitted by the present restrictions. Moline, who was with Mann, added that while some of this decline in purchases from Canada reflected a switching by some companies to other sources, the total imports from all sources by companies which customarily had taken oil from Canada were down considerably below the quotas allotted to them under the current scheme. It seemed evident to him that demand for imports generally in the Pacific Northwest was lower than had been expected and the demand for Canadian imports was lower still.

4. The point which Mann and Moline were making was of course that if, despite their own wishes, the import quotas for District V were to be reduced after June 30, the practical effect on current Canadian sales might be nil or negligible.

5. Mann remarked that whatever his present views might be, he and the others concerned were bound to be influenced by developments that might take place in the consideration by the Senate of the Trade Agreements Extension Bill. He indicated that, in spite of the overwhelmingly favourable vote in the House of Representatives, the trade legislation was encountering very serious difficulties in the Senate Finance Committee. While the sentiment in the Senate generally might not repeat not be too unfavourable (and might be influenced in some degree by what had happened in the House), the Finance Committee was heavily weighted with protectionists and nobody could forecast confidently what kind of a bill, if any, this committee might be willing to let out for debate by the Senate as a whole. In Mann's judgment, about the only consideration which might lead the Administration (and apparently Mann himself) to favour some reduction in the quotas for District V would be a strong indication that such a gesture was necessary in order to save the trade bill and particularly the provision giving the trade act a five-year life. He wondered whether in such a situation a symbolic reduction in quotas with no repeat no effect on current trade might not repeat not be preferable to the alternative even from a Canadian point of view. He assumed that we shared their desire to see reasonably satisfactory trade legislation enacted and in particular to avoid mandatory restrictions on oil imports.

6. I said I could not repeat not predict what the reaction might be in Canada in the circumstances which he had described. I was confident, however, that even an apparent reduction in opportunities to sell Canadian oil in the Pacific Northwest would be regretted. I also wondered whether, in addition to the various factors which State Department officials no repeat no doubt had in mind, the recent evidences of some slight upturn in business activity might not repeat not provide a fairly weighty argument against any reduction in import quotas at this time. While no repeat no one could be certain about future trends in the economy, Administration spokesmen seemed to regard the latest indicators as encouraging. If this was their appraisal of the prospect and if this was the impression which they were anxious to create, it seemed to me that action now to reduce quotas on the basis of the depressed demand for oil and other things during the past six months would scarcely be helpful. On the other hand, a decision by the Administration at this time not repeat not to curtail oil imports further might well be taken as reassuring evidence that they really believed what they were saying about the general economic outlook over the next half-year.

7. Mann appeared to take in this point, but it was not clear just how much use he thought could be made of it. He seemed to be mainly preoccupied with the fate of the trade legisla-

tion and to relate the question of some symbolic reduction in quotas almost solely to the prospects for the trade bill.

8. Mann indicated that our representations were welcomed and would be of assistance to the State Department in their further discussions over the next few days. He thought that the imminence of the President's visit to Ottawa and the likelihood of some discussion of oil at that time would probably also strengthen the State Department's position in the discussions here with other departments and presumably with some of the Senators.

[N.A.] ROBERTSON

---

153. DEA/2057-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

Ottawa, October 14, 1958

UNITED STATES OIL IMPORT RESTRICTIONS

At the end of August we learned that the United States Government were proposing to shift from the present system of applying import restrictions, which was based on specific allocations to companies, to a system under which import quotas would be related to refinery operations. The United States oil industry and other interested parties were to be given an opportunity to comment on these proposals within 30 days of their publication.

It has been our view that it would be invidious for us to submit comments on these proposals which, in essence, imply merely a shift from one basis of applying voluntary import restrictions to another. Accordingly, in the oral indications we gave to officials in the State Department in early September, we made it quite clear that the basic Canadian position was that these restrictions were detrimental to Canadian-United States relations, that we were not able to accept the argument that they were based upon consideration affecting the national security of the United States, and that we therefore felt that the restrictions on imports of Canadian oil should be lifted altogether at the earliest possible opportunity.

Since that time, however, our Embassy in Washington have pointed out that the absence of formal Canadian comment on these proposals might be taken as an indication of consent. Accordingly the Departments concerned in Ottawa concluded that it would be preferable, on balance, to submit comments on the proposals which the United States Government are at present considering. Since we understand that the Special Committee to Investigate Crude Oil Imports, which operates at Cabinet level, is to consider this matter on October 20, it was the feeling here that our comments should be submitted in sufficient time to be available for the meeting of the Special Committee on that date.

I attach for your approval a telegram instructing our Embassy to present to the State Department a Note embodying our comments on this subject.[238] The terms of the telegram reflect interdepartmental agreement and have been approved by Mr. Macdonnell as Acting Minister of Trade and Commerce and Finance.[239]

---

[238] Voir le document suivant.
See next document.

D.V. LEP[AN]
for Under-Secretary of State
for External Affairs

---

154. DEA/2057-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM E-1911 Ottawa, October 14, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Telegram 2381 of September 29† and previous correspondence.
By Bag Caracas from Ottawa, London, T&C.

USA VOLUNTARY PETROLEUM IMPORTS PROGRAM

We agree with your suggestion that some formal comment on Carson proposal should be made to State Department by Government of Canada. We have therefore drafted proposed Note, subject however to amendments you may wish to make in light of your knowledge of USA situation. Following is text of Note: Begins:

2. The Canadian Ambassador presents etc... and has the honour to refer to the matter of restrictions affecting exports of oil from Canada to the USA and in particular to the proposals on which the Administrator of the Voluntary Oil Import Program has requested comment.

The Notes of the Canadian Ambassador to the Secretary of State dated January 15 and June 23, 1958, set forth the views of the Canadian government on the principles involved in such restrictive measures. It would now appear desirable to restate these views in the light of the proposals for revision of the basis of the import restrictions which have been put forward for discussion by the Administrator of the Voluntary Oil Import Program.

The Canadian Government continues to believe that there can be no justification on grounds of security for USA restrictions on oil coming from Canada. USA Government restrictions on oil imports from Canada, imposed in peacetime for security reasons, are not reconcilable with the need of Canada and the USA to pool their oil resources in time of common emergency.

The Canadian government acknowledges that the proposal by the Administrator of the Voluntary Oil Import Program attempts to take into account the importance to Canada of exports of oil to the USA, and the importance to USA refineries operating on Canadian crude oil of continued freedom to use that oil. Section 5(d) of the proposal would appear to offer to refineries in District II using Canadian oil some means of mitigating the very damaging effects of other sections of the new proposal.

---

[239] Note marginale :/Marginal note:
There is considerable urgency, we have been told by our Embassy in Washington, about having this note delivered. [D.V. LePan]

The Canadian Government would point out, however, that application of Section 5(d) would be a matter of administrative discretion, rather than formal directive. The Canadian Government is also aware that the USA Government is subject to very considerable pressures from interests which would seek to make the oil import program more rather than less restrictive. The USA Government will therefore understand that while the Canadian Government is appreciative of the consideration shown for the Canadian position, the Canadian Government could only await the actual outcome of the proposed revision with concern.

Further, the Canadian Government would not repeat not wish any comments on the current proposal to be taken to imply a preference on the part of the Canadian Government for one basis of import restrictions as against another. So long as any import restrictions continue to be applied against Canadian oil, they will have a deleterious effect on Canadian-USA relations.

The effects of the USA oil import restrictions on the Canadian industry appear to be more serious than the effects on the industries of other areas supplying oil to the USA. Examination of USA import figures for petroleum and its products for the months from July 1957 indicates that the volume of crude oil and products moving from Venezuela and the Netherlands Antilles together to the USA has continued fairly level; a decline in crude oil imports has been offset by increases in imports of products. Middle Eastern crude oil and products sales have declined somewhat. In contrast, Canadian sales of crude and products have declined sharply, and by May 1958 were less than half the volume of July 1957. In July 1957 Canada supplied 9.5% of total USA imports of crude oil and products; by May 1958 Canada was supplying only 4.5% of such imports. Thus, Canada, the most secure source of oil imports for the USA in time of emergency, has been affected much more than offshore sources by the USA program established on grounds of USA national security.

This would appear to have come about because of indirect effects of the USA program, rather than because of the level of the quotas established for refineries which have been customers for Canadian oil. In District V, offshore oil denied access to the USA Eastern Seaboard and California has virtually displaced Canadian oil in Puget Sound. (It would appear that the Puget Sound refiners, having been limited as to the amount of crude oil they can import, have turned to the cheapest available sources of imported oil — Venezuela, the Middle East and the Far East — partly to offset the uneconomic use of USA domestic crude brought in from California; in an open market they might well have continued to use a substantial proportion of Canadian oil.) Similarly, in District II, Venezuelan oil has been displacing Canadian oil, though to a lesser extent.

The USA import program has borne most heavily upon the source of imported oil for the USA which would be least subject to interruption in the event of emergency, and which is most akin to the USA in the cost structure and market prorationing arrangements of its oil industry. Canadian oil is not repeat not and has not repeat not been a factor contributing to the problems which led to the institution of the USA oil import program. It is therefore a matter of regret and concern to the Canadian Government that, notwithstanding the unquestioned good will of the USA Government, the Canadian oil industry should suffer more than the oil industries in areas which did contribute to the problems intended to be met by the USA oil import program. The USA Government will recall that in its Note of February 19, 1958, it expressed the view that strong petroleum industries in both countries "contribute importantly to the support of the defence efforts with which both Canada and the USA are associated."

In the light of the consideration set out in the foregoing paragraphs, it is the hope of the Canadian Government that the Government of the USA in its current re-examination of the import program will find itself able to remove the restrictions which have been imposed on the access of Canadian oil to markets in the USA. Text Ends.

---

155. DEA/2057-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2584 Washington, October 22, 1958

CONFIDENTIAL. PRIORITY.

Reference: Your E-1911 Oct 17, our 2381 Sep 29,† 2539 Oct 18.†

Repeat Finance, T&C, Mines & Tech Surveys, Privy Council, Bank of Canada, DDP (Information).

USA VOLUNTARY IMPORTS PROGRAM

The presentation of the oil imports Note on Monday October 20, to Mr. Thomas Mann Assistant Secretary of State for Economic Affairs was accompanied by a discussion which covered a sizable piece of ground. In addition to Mann three other Americans participated, Herbert Hoover, Jr., who is once again back at his old stand as a Special Adviser on Petroleum to the Secretary, Rutherford of the Fuels Division and Miss Schaffner of the British Commonwealth and Northern European Affairs Office.

2. The conversations switched to and fro in such a fashion that it would be difficult to give a chronological account. We think it fair to say that this group was probably more on the defensive (and offensive) and more willing to argue points than when we have previously made representations on oil.

3. As for the Carson proposal, Mann gave his view that nothing was going to be done hurriedly; that we would be consulted at each major stop along the way and that the Carson proposal, as made public a month ago, will undergo drastic revisions by officials before the Committee, chaired by Secretary Weeks, will be in a position to recommend anything firm to the President.

4. The problem, as State sees it, has not repeat not declined in size or severity. In their minds this problem is to try to maintain a reasonable and acceptable price structure for the USA petroleum industry in face of the increasing pressures from an actual production glut and a potential one of far greater proportions of cheap Mideast crudes and even to some degree of less expensive Venezuelan crudes and oils from other sources. (e.g. the Sahara). As Mann put it, "What we have done and are doing should not repeat not be considered as final acts in a series of restrictive measures, but rather as acts in a studied policy of stabilization." This stabilization, Mann argued, is as important for Canada as for the USA. The basic and simple reason is, he contends, that USA and Canada are the high cost producers and, therefore, stability should have as much appeal to us as to them.

5. Mann posed the rhetorical question of what economic benefits could or would accrue to Canada even if the USA could totally exempt crude oil of Canadian origin from the imports system (while presumably maintaining the quota system for other oils with all of

the "indirect" effects mentioned in our note). He said he did not repeat not think that in such a circumstance there would be an increase of a single barrel of oil coming southward across the border. In his view the existence of the quotas, particularly for the USA Pacific Northwest refineries, cannot be construed as acting as a deterrent to the flow of Canadian oil into the USA.

6. Herbert Hoover, Jr. interjected that aside from the competition of Southeast Asian and other foreign crudes in the Puget Sound area it was his understanding that the Shell Oil Company was bringing Four Corners crude by pipeline to California and tanker to Puget Sound at twenty-five cents per barrel less than the posted prices of Canadian crude, plus transportation through the trans-mountain pipeline. How, he asked, can we support an argument that we had lost markets in the USA Pacific Northwest because of the imports control system, when our crudes were not repeat not competitive with crudes brought into that area even from USA domestic sources.

7. We replied that the fact of there being a restrictive import system contributed to abnormal marketings and, indeed, sometimes dictated uneconomic patterns. We said that so long as there is a restrictive imports system we believed that the competitive position of Canadian crudes with respect to particularly the Pacific Northwest, and to a lesser degree the USA upper Midwest, would be prejudiced.

8. Rutherford commented that these peculiar movements had gone so far that he understood Venezuela crude was being piped virtually the full length of the USA and winding up on a fairly regular basis in the refineries of the Sun Oil Company in Sarnia.

9. Mann asked if under the present circumstances of availability of unlimited quantities of cheap Mideast and less expensive Venezuelan crudes backed by fantastic production potentials Canada would be content to see the USA throw off its voluntary imports plan and let the distribution and marketing of crudes, insofar as the USA is concerned, be dictated solely by the laws of the market place. We replied that the Canadian government was not repeat not asking that the USA discriminate for or against any third country nor were we suggesting what the USA should do with respect to the problem as stated. We are asking that crudes of Canadian origin be considered on exactly the same basis as crudes of USA domestic origin, insofar as access to markets in the USA are concerned.

10. Hoover, who has recently returned from a trip to Venezuela, said that this, of course, implied discrimination in favour of Canada which he thought could not repeat not and would not repeat not be tolerated in terms of USA relations with Venezuela. He went on that he is completely convinced that if the USA establishes an oil imports policy which discriminates for Canada more than for Venezuela expropriation of USA and British oil companies properties in Venezuela would follow within six months.

11. Hoover also spoke in general terms of USA treaty obligations to many countries, its GATT obligations and to the web of trade agreements and friendship-commerce-and navigation agreements around the world. These he said could not repeat not be placed in jeopardy, particularly in view of the drastic political repercussions in such places as Venezuela which would be certain to follow.

12. From this point it was but a step to the mention of the Montreal pipeline, and the query was raised as to the value of the Montreal market to Venezuela and whether the Venezuelans had any views on actions which might be taken to assist in retaining that market for them. We gained the impression that the Venezuelans have been very active among themselves, particularly between Washington and Caracas, but it does not repeat not appear that the State Department has heard anything more from them than we have over the past month.

13. Hoover said (and his remarks were probably conditioned by discussions and impressions from his recent trip to Venezuela) that he did not repeat not think it would be too difficult to sell the officials of the Venezuelan government on a quid pro quo arrangement which might be based on the USA guarantee of free access to the USA markets of Canadian crude if the Canadians would give the Venezuelans assurances concerning access to the Montreal market. Hoover, however, was strong in his opinion that the Venezuelan officials, even if such guarantees were possible, could never sell it to the Venezuelan people. Mann echoed Hoover's views.

14. We pointed out that in the last paragraphs of the note we had presented that, while the Montreal Pipeline had not repeat not been mentioned "potential consequences for future petroleum policies" had been. Mann asked if we had any information on when the Borden Commission might bring down its preliminary report and when the Canadian government might take action with respect to the Montreal pipeline. On the Borden Commission we replied that the preliminary report was expected within a period not repeat not longer than weeks, but there was no repeat no assurance that it would include recommendations on oil marketing policies. As for possible government action we said we had no repeat no information.

15. Miss Schaffner of the BNA wanted to know if the Canadian government is prepared to clarify its position with respect to the Montreal pipeline in relationship to the fact that we are asking for an exemption from the USA system for crude of Canadian origin. We repeated that we had no information on what the Canadian government position is on the Montreal Pipeline but we felt that a decision to support such a pipeline and to "protect" the Montreal market against foreign oil by other means would be less probable if Canadian oil were given free access to USA markets.

16. Mann carried this a step further by asking if any thought had been given in Canada to the internal action which might be required in Canada if Canadian crudes were exempt from the USA import control system while USA restrictions continued to apply to other foreign oils. On the one hand we are asking for an exemption for our high priced crudes going into the USA but we have said nothing on what we might do with respect to the import into Canada of cheaper Mideast and Venezuelan crudes which would indirectly release more Canadian oil for export to the USA. In other words are we reserving our position with respect to importing a cheap product while at the same time demanding free access to the USA markets for our more expensive product? We said we did not repeat not know whether this matter had been given consideration by those looking at petroleum problems on the Canadian side, but that we would call it to their attention.

17. Towards the close of the discussion Mann asked if any thought had been given to the position under the GATT. We said we felt that if the USA elected to defend the present system under the GATT on grounds of national security an equally strong (or weak) case could probably be made for a system which included an exemption for Canada on the same national security grounds.

17. Several times and in several ways we reiterated the position that we cannot accept any arguments based upon USA crude being more secure than crude from Canada.

18. Mann re-stated the argument that they were not repeat not talking about the degree of security of a barrel of oil because it happened to be of USA or Canadian origin, but about the broader aspects of security. The "security argument" is that there must be a sufficient financial return to the USA and Canadian petroleum industries so that exploration and development can proceed, which will foster strong and healthy petroleum industries in the USA and Canada which could and would contribute to the national security of both

countries in times of stress and emergency. Their "stabilization" measures serve these purposes better than any arrangement which would permit or encourage instability.

19. Mann returned two or three times to his view that Canadian crude oil would be much more seriously hurt in a free market than in a market protected by a system which staves off cheap Mideast and other cheaper crudes. If the barriers were let down the inevitable result would be lower prices. (Their studies have apparently come up with a decrease of about one dollar and fifty cents per barrel if imports into the USA were permitted on an unrestricted basis).

20. The lowering of prices could not repeat not help but have as undesirable an effect upon Canada and the Canadian industry as upon the USA and the USA industry. This was particularly so, Mann thought, as we are finding it difficult to compete price-wise in even the upper Midwest area and have, with some measure of protection (e.g. geography, pipeline, etc.), been virtually backed out of the Pacific Northwest.

21. In summary then, if we are to take the meeting with Mann and the State Department group of Monday as indicative of USA Administration thinking it would appear that these responsible officials are convinced that the maintenance of a voluntary imports control system on a non-discriminatory basis is important in order:

(a) to retain a reasonably stabilized USA and Canadian petroleum industry;

(b) to avoid political and other undesirable repercussions in Venezuela, and possibly other countries, and

(c) to maintain the strength of the petroleum industries of the USA and Canada in the interests of the joint national security.

This does not, however, necessarily mean that Mann himself has entirely ruled out the possibility of some Western hemisphere arrangement (even one in which some distinction might be made between Canadian and Venezuelan oil to the advantage of the former).

---

156. DEA/2057-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Acting Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 17, 1958

U.S.A. OIL IMPORT PROPOSALS

Attached for your urgent consideration is a memorandum prepared by officials of this and other Departments concerned, examining the U.S.A. proposals for a tripartite agreement between Canada, Venezuela and the U.S.A. covering a system of quotas on U.S.A. oil imports. Under this so-called "Mann Plan," Canadian oil would be admitted *without any quota restriction* into the U.S.A. (Venezuela would be given a relatively generous quota) in return for Canada agreeing that:

(a) We would ensure that foreign oil (or Canadian oil displaced by foreign oil) did not flow to the U.S.A. through Canada in significant quantities;

(b) We would consult with the U.S.A. if Canadian oil exports to the U.S.A. rose sharply;

(c) We would guarantee continued access by Venezuela to the Canadian (i.e., Montreal) market.

2. The recommendations of officials as to how Canada should react to these proposals are set out briefly on pages 10 and 11 of the attached memorandum.

3. I understand that Mr. Fleming and Mr. Churchill have both agreed that an informal discussion with U.S.A. officials would be desirable, and the precise instructions for Canadian officials taking part in such talks (which constitute the recommendations on pages 10 and 11) are now being discussed with them. These instructions seem to me to offer a workable and advantageous basis for discussion and I recommend them for your approval.

4. I should be glad to have your comments on this matter today, if at all possible, as it is proposed that the discussions take place in Washington on Thursday and Friday (December 18 and 19). This Department will be represented by Mr. Ritchie, our Chargé d'Affaires in Washington, and by Mr. Grey of Economic Division I.[240]

R.M. MACDONNELL
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Projet de note

Draft Memorandum

CONFIDENTIAL [Ottawa], December 15, 1958

PROPOSED TALKS BETWEEN U.S. AND CANADIAN OFFICIALS ON U.S. OIL IMPORT RESTRICTIONS

The legality of the U.S. "voluntary" oil import program, which has been in effect since 1957, has just been questioned by the U.S. Department of Justice, presumably because the program contravenes the Sherman Anti-Trust Act. U.S. officials are urgently looking for a substitute form of control which would be mandatory and which would be imposed by Executive Order as of January 1, 1959, when the "voluntary" program in its present form expires. Their purpose would be to prevent a chaotic situation in the industry on the expiration of the present "voluntary" program and to introduce a form of control which would forestall Congress from taking legislative action which would no doubt be highly restrictive and difficult to amend or remove.

The Attorney General's indication that the oil import program is of questionable legality has come at a time when the Administration was preparing to issue a revision of the "voluntary" program to take effect January 1. In recent months two proposed revisions of the "voluntary" program have been put forward. The first, dated September 10, was published in the Federal Register and comment from the industry was invited. Canada was also asked to express a reaction and our note of October 20 to the U.S. Government (copy attached)[241] did so in some detail. The second proposed revision, dated November 18, was, inter alia, more favourable to the flow of Canadian oil to the U.S. Mid West. This revision was shown to our Embassy officials on a confidential basis and they submitted oral comment to the State Department on November 22, basing their remarks on a prepared statement, of which a copy is also attached.†

---

[240] Notes marginales :/Marginal notes:

I think, in view of its nature, that the Prime Minister should see & comment on this, rather than myself. 17/12/58. E.D. F[ulton]

Seen by Prime Minister [H.B. Robinson]

[241] Voir/See Document 154.

On the latter occasion, Mr. Thomas Mann, U.S. Assistant Secretary of State for Economic Affairs, put forward, on a personal and tentative basis, some general ideas on possible alternatives which, while still restricting oil imports into the U.S., might be less unsatisfactory and more equitable from the viewpoint of Canada and Venezuela. One course of action in particular seemed to him to offer hope of dealing with the problem of the survival of the high-cost oil industries of the U.S. and Canada in a world in which there continued to be a great surplus of low-cost oil. His approach was a continental one, modified to provide a special place for Venezuela in the U.S. market. In brief, on the basis of a tripartite understanding, Canadian crude would be allowed free entry into the U.S., and Venezuela would be assigned a particular country quota out of a total import quota for the balance of which Mid Eastern and Far Eastern supplies would compete. In return for unrestricted access to the U.S. market, Canada would be expected not to become a back door to the U.S. for cheap Far Eastern and Middle Eastern oil and not to establish protective policies for domestic oil which would affect Venezuela's freedom of access to the Canadian market (otherwise Venezuela would not accept the U.S. discrimination in Canada's favour). It was also in Mann's mind that the scheme should not operate to displace Canadian oil into the U.S. market as a result of substantial substitution in Canada of cheap offshore oils for the domestic product.

This related series of proposals, referred to in this paper as the "Mann Plan," is a development of a proposal put to U.S. officials in tentative outline last February, and referred to in internal papers and despatches as the "Bower Plan" because it was formulated, and explored with some success in Venezuela, by R.P. Bower, then our Ambassador to Venezuela.

On December 9, Mr. Mann discussed with our Embassy officials the situation arising from the opinion of the Justice Department concerning the legality of the "voluntary" program and urged that the possibility of putting the "Mann Plan" into effect be explored by U.S., Canadian and Venezuelan officials in informal discussions within a week or ten days. The problem was of great urgency from the U.S. point of view since some new form of control would have to be instituted effective January 1, even if it were of a temporary nature.

On December 10 officials of the Departments of Trade and Commerce, Finance, External Affairs and the Clerk of the Privy Council met in Mr. Warren's office to consider the new situation and Mr. Mann's proposal that his Plan should form the subject of immediate official discussions.

Officials first examined the advantages for the Canadian oil industry which might be expected to be derived from acceptance of the Plan and concluded that the Canadian industry could expect to gain from the proposal.

There are only two markets in the United States where Canadian oil can compete; the Upper Mid-West and the Pacific Northwest. In the former, Canada could perhaps expand its sales from the present level of 50,000 barrels per day back to the peak of 70,000 b/d reached earlier this year and might expect to improve this performance as demand in the area increased. On the Pacific Northwest, Canada should be able to capture most of the current refinery runs which total about 100,000 b/d, if we were on a freely competitive footing with U.S. producers and other imports were restricted. This would compare with the approximately 11,500 b/d which has been moving in recent months under the special deal made by Imperial Oil (our oil is otherwise not being imported). Imperial Oil advises that the landed price of Canadian oil in this area is currently several cents below that of United States oil which is being brought from the Four Corners area in New Mexico via pipeline to Los Angeles and from there via tanker. In summary, under the "Mann Plan" Canadian crude oil exports to the United States could rise in the short run from the present level of a little over 60,000 b/d to perhaps 170,000 b/d. This expectation might be modified to the extent that corporate relationships of U.S. refinery owners caused them to take U.S. rather than Canadian oil notwithstanding that higher refining costs resulted.

With the present prospect of the world surplus of oil and tanker space continuing for perhaps a decade the "Mann Plan" would be to our advantage in the medium term as well, since it would provide a means for Canada to enjoy the benefit of the umbrella of United States protection during the period United States restrictions were maintained. Beyond the medium term, we can expect that growing U.S. requirements for oil in excess of domestic production would probably induce the United States to encourage imports of oil from Canada in any event.

Officials next examined the implications of the understandings which the U.S. would wish to reach with Canada in the context of the proposed new import control program. As stated by Mann, on December 9, these were as follows:

(1) Canada would have to take the steps necessary to avoid back door or transshipment trade.

(2) As a major prerequisite, the Canadian Government would be expected to give Venezuela assurances that the Venezuelan competitive position in the Eastern Canadian market would not be disturbed by Government action.

(3) A provision for consultation would be necessary in the event that exports from Canada to the United States suddenly or materially increased as a result of free access to the United States market.

These conditions were examined in turn.

Regulation to prevent transshipment to the United States through Canada of offshore crudes would not raise insuperable problems of administration or of export control and the problem could probably be dealt with satisfactorily through liaison with the Canadian oil trade. However, the same purpose could be achieved by United States control at the border through normal requirements as to certification of origin. Accordingly, officials did not consider that an understanding concerning transshipment would involve any grave difficulty.

It seemed to officials that Mann's second suggestion (that Canada should immediately assure Venezuelan oil access to the Canadian market) would be very difficult for the Canadian Government to accept, just in advance of the second report of the Borden Commission; fortunately, however, the real intent of the suggestion might be reached in a different way. The United States Government might, instead of requesting any assurances from the Canadian Government, simply proceed with the other features of the "Mann Plan," including unrestricted access to the U.S. market for Canadian crude oil, and might notify the Canadian Government that this unrestricted access would continue as long as there was no basic change in Canadian policies relating to oil imports and exports. The Canadian Government might, in reply, welcome the unrestricted access granted by the U.S. to Canadian crude and simply "take note of" the fact that this was related to the existing situation in which foreign crudes, including Venezuelan, were not subject to restrictions in Canada. Both Governments would recognise, either explicitly or implicitly, that a Canadian move to restrict imports of Venezuelan or Mideastern oil would change the situation, but the Canadian Government would remain entirely free to make a change if it chose to do so.

As regards Mann's third suggestion, officials considered that it would be unreasonable not to agree to consult with the U.S. should Canadian exports "suddenly or materially increase as a result of free access to the United States market," provided the reason for the sudden increase was the displacement of Canadian oil from our domestic market as a result of a substantial rise in Canadian consumption of offshore oil. Cheaper offshore oil entering the country through Montreal or even Toronto could push back the "watershed" which divides the market areas using products made from domestic crude from those using products made from imported crude. There might also be price effects arising from this competition which would increase the competitiveness of Canadian oil relative to prices prevailing for domestic oil in the United States market. The refining companies however would be fully aware that loss of the U.S. market and/or institution of import controls in Canada might follow either or both of these occurrences. It was, however, not thought appropriate to accept a formal consultation obligation if the export of Canadian oil to the United States market were to show a reasonable increase in the course of ordinary competition between the two North American products. In considering the question of consultation, officials noted that Mann had not suggested that Canada should restrict imports of Middle Eastern oil or undertake to do so should it displace Venezuelan oil from its present share of the Canadian market: Canada is not being asked to follow the U.S. in discriminating among the sources of imported oil, but, in effect, to continue the status quo as regards oil imports.

Some General Considerations

Under the "Mann Plan" Canada would have unrestricted access to the growing U.S. market for oil with only the very moderate U.S. tariff barrier to overcome. It is the opinion of officials that this would hold out very great advantages for the Canadian oil industry — for production, development and exploration — both immediately, in the medium term and in the long run. Access to that market on those terms has been an object of Government policy and of repeated Government representations to the U.S.

It must be recognised, however, that this objective can only be reached and retained at a price. The price is twofold: in the interrelated field of domestic and commercial policy relating to oil.

As for domestic policy, the "Mann Plan" envisages that the U.S. would continue to grant unrestricted entry to Canadian oil as long as Venezuelan oil received more or less its present treatment in Canada. In specific terms this means that if the Canadian Government at some time decided, in order to promote an Alberta-Montreal pipeline, to restrict or cut off imports of Venezuelan oil (and other offshore oil) the U.S. Government might no longer be able to allow Canadian oil unrestricted access to the U.S. This consideration might indeed weigh very heavily with the Canadian Government, but in the view of officials it is a consideration that springs from basic economic and political situations in regard to oil in Canada, Venezuela and the U.S. In other words it is a choice for Canada that may be inherent in the general situation. The choice may have to be made; and it is perhaps as well that it should be made deliberately. The "Mann Plan" may clarify the choice but it does not create it.

Turning to the broad field of commercial policy it should be noted that the U.S. "voluntary" restrictions have been subject to criticism, not only from Canada but, more particularly, from the countries chiefly interested in Mideast oil: the U.K. and the Netherlands. These countries may be expected to criticize U.S. "mandatory" restrictions at least as vigorously and indeed more so, pointing out that such restrictions are contrary to GATT and going on to complain that under the "Mann Plan" a new and discriminatory element has been introduced. The discrimination would consist of a specially favourable quota for Venezuelan oil in the U.S. and free access for Canadian oil. Canadian response to the U.S. voluntary restrictions in the past has been somewhat different: we have like others protested the U.S. action on general grounds of commercial policy but we have gone on to emphasise that, insofar as the U.S. Government attempts to justify its action on grounds of defence, it actually obligates itself to discriminate in favour of Canada. This obligation stems from the "Principles of Economic Cooperation" agreed in 1950.

Under the new situation, with U.S. restrictions moving from a voluntary and non-discriminatory basis to a mandatory and discriminatory basis, the Canadian position would be somewhat delicate but not too difficult. To begin with, the change would not be of our making or at our request. Moreover, as everyone will recognise, the flow of oil amongst world markets is very far from being on the basis of freely competitive trade. Finally, while we have always considered that the U.S. voluntary restrictions were largely introduced for protectionist reasons there is at least an element of truth in the argument that, on the ground of defence, some measures are needed to ensure active continuance of oil production development and exploration in (and close to) North America; and this lends an element of respectability to discrimination in this case.

Acceptance of the "Mann Plan" by Canada might in some degree impair our effectiveness in GATT, the IMF, the Commonwealth and elsewhere in urging other countries, for example Germany, to dismantle their discriminatory restrictions against Canadian imports. The capacity of the United States to give leadership in pressing for the elimination of dollar discrimination would no doubt also be affected, but this would be of their own doing. Moreover, the discrimination involved in the "Mann Plan" would represent only a small deviation from the general principle of commercial non-discrimination both in itself and relative to the departures from this principle inherent in current and prospective regional developments in Europe. Finally it should be emphasised that the U.S. and the Netherlands would undoubtedly much prefer a situation in which Mideastern oil still finds its way competitively into Montreal to a situation in which that oil was excluded — albeit on a completely non-discriminatory basis.

In this connection officials thought it important to remember that the alternatives to the "Mann Plan" would be much less attractive both to Canada and to offshore suppliers. If something like the "Mann Plan" were not introduced, it is almost certain that Congress would insist on a highly restrictive import system which would hit the Canadian industry as well as that of the sterling area and other countries. Offshore oil imports are going to be limited by the U.S. in any event, and the fact that Canada had free access to the U.S. market would not make any significant difference in the level of U.S. restriction. Moreover, if Canadian exports of oil to the United States were severely restricted, pressure for the construction of the Montreal pipeline and the restriction of access of offshore oils to the Eastern Canadian market would perhaps become irresistible and offshore exporters would face import controls in Canada which the "Mann Plan" would avoid, unless such controls were eventually imposed to limit displacement of Canadian oil into the U.S. market.

Recommendation

It is recommended that a group of officials from the Departments of Trade and Commerce, Finance and External Affairs be authorized to proceed to Washington for talks on the 18th and 19th of December with U.S. officials. In these meetings the "Mann Plan" would be taken as the basis for discussion. Canadian officials would endeavour to convince the U.S. side that it would be unnecessary to the Plan for Canada to give formal assurances along the lines originally suggested by Mann and that the purpose of the understandings which Mann had considered necessary could be achieved in the ways outlined in this memorandum. If our suggestions were agreed Canada would be prepared:

(1) to welcome the arrangement which had been proposed to exempt Canadian exports of crude oil from restrictive control,

(2) to agree to cooperate with the United States to prevent transshipment through Canada of offshore crudes,

(3) to agree to consult with the United States should implementation of the Plan result in Canadian exports of crude oil to the United States suddenly or materially increasing as a result of a substantial increase in Canadian consumption of imported oil,

(4) affirm that access to the Canadian market for foreign crudes including those of Venezuela is not presently restricted and that should this change in the future Canada would recognize that so far as the United States was concerned a new situation had been created which would be relevant to the continued unrestricted access of Canadian crudes to the United States market.

It is further recommended that if the U.S. side would be prepared to accept a statement on our part along the above lines as adequate for the purposes of implementing the "Mann Plan" officials be authorized to say that they would recommend acceptance of the Plan to the Canadian Government. At the same time, United States officials would be warned that some time would be required for Canadian Ministers to decide on the proposal in the event that it were presented formally, more particularly in view of the careful consideration which would have to be given to the recommendations of the Borden Commission.

It is recommended in addition that officials resist the idea of any formal tripartite agreement between the United States, Canada and Venezuela and argue that the Plan can be made effective so far as Canada is concerned without such an agreement and in the manner outlined above.

Finally it is recommended that officials be authorised to say that should the Plan be implemented on the lines proposed Canada would consider any action which restricted the free access of Canadian oil to the United States market to be a circumstance calling into question the basis of the understanding so far as Canadian action is concerned.

---

157. DEA/2057-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 3092 Washington, December 19, 1958

CONFIDENTIAL. OPIMMEDIATE.

Repeat London (Plumptre), T and C (Warren and Fraser), Finance (Reisman), DDP (Golden) (OpImmediate) (Information).

USA OIL IMPORT PROGRAM

Officials from Ottawa, together with Ritchie and Chappell, today met Thomas Beale, Deputy Assistant Secretary of State for Economic Affairs, and associates at the State

Department. Mann, the Assistant Secretary, is in Venezuela for talks with the President elect on same subject.

2. Beale restated outline proposals put forward by Mann as reported in our 2875 November 25† and 3011 December 10.† Re status of proposal, Beale said that the problem had now been discussed at high administrative level (Committee on Foreign Economic Policy) but that the plan could not be put forward as firm proposal until Mann was able to report whether Venezuelan government was prepared to fall in with the proposal. During the discussion it became clear that Administration's present advice is still that voluntary program expires December 31, but that Justice has been asked to advise whether the voluntary system could be kept in being for a few days or weeks beyond that time in event that satisfactory new arrangements not completed by January 1. Justice has not repeat not yet advised. In event voluntary plan does expire December 31, State Department believes that mandatory restrictions must be imposed by executive order. State hopes that "Mann Plan" can be incorporated in these mandatory controls, but if agreement of Venezuela and Canada can not repeat not be obtained by date of expiry of present system, then revised Carson Plan must be instituted. (See numbered letter 1739 December 4.†)

3. Canadians outlined reaction to "Mann Plan" as framed in memorandum for ministers dated December 15, with particular reference to qualifications on assurances requested by Mann. They also referred to the Canadian desire for recognition by USA that, should "Mann Plan" be implemented, Canada would consider any action which restricted free access to the USA market to be a circumstance calling into question the basis of the understanding so far as Canadian action is concerned. Beale stated that the Canadian position on all these points appeared to be reasonable.

4. Preliminary impression of Canadians was that points in Mann Plan which in Canadian view require qualification would probably be negotiable so far as USA is concerned.

5. Re further arrangements, USA officials agreed to communicate results of Mann-Betancourt talks as soon as possible, probably December 22 or 23. If Venezuelan reaction indicates "Mann Plan" negotiable, USA would be prepared to put forward a specific proposal and probably, if necessary, to send senior official to Ottawa.

---

158. DEA/2057-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 3105 Washington, December 22, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 3092 Dec 19.

Repeat T&C (Warren and Fraser), Finance (Reisman), DDP (Golden) (Information).

USA OIL IMPORT PROGRAMS

Mann asked us to see him late this morning. He had said, in the course of his call suggesting he would like to talk with us, that it looked very much as if the voluntary system which officially dies on December 31, would be extended for a period of up to sixty days.

2. Mann, who was later joined by Kanenberg of Fuel Division and Dale of BNA, said he understood that our discussions with Beale on Friday indicated that we were not repeat not much taken with a tripartite arrangement. He asked us if this also meant that we would not repeat not like even to enter into tripartite discussions.

3. We repeated what Warren had said on Friday concerning the possibility that advantages might accrue to all concerned if, in lieu of a formal tripartite arrangement, the Mann Plan was announced as a USA program with certain stated assumptions with respect to Canadian and Venezuelan actions or policies. As for tripartite discussions, we said it did not repeat not seem to us that the Friday discussion necessarily precluded the possibility of talks which might include the three countries if that appeared desirable.

4. We reiterated the position presented by Warren to Beale on the main points of the Friday discussion.

5. Mann said that his trip to Caracas, while perhaps not repeat not totally satisfactory, left him with the impression that for the first time the Venezuelans are beginning to divine the facts of life concerning their own position. He found an awareness of the world surplus position on oil, the fact that Venezuela was a higher cost producer than certain areas, and a realization that Venezuela was finding it harder to compete and that competition in world markets would perhaps become even more difficult.

6. He said that if he understood our position as revealed in talks with Beale, the Venezuelans seemed to have some pretty exaggerated ideas as to the extent and willingness of Canada to make commitments concerning continuing access to the Eastern Canadian markets. He went on that if the position on the various points discussed on Friday is taken as a talking basis, then it seemed to him that the time had arrived for Canada and Venezuela to meet and discuss the matter of access to the Eastern Canadian markets. As he saw it, by his trip to Caracas he had projected at the highest Venezuelan level the USA position. He then said, "Assuming that the Venezuelans are willing to go along with the USA according a preferential position for Canadian oil conditioned by a satisfactory understanding with respect to Venezuela's interests in the Canadian markets, then there is the basis for a Venezuelan 'deal' with Canada."

7. The role of the USA should be nothing more than "a friend of the court" as the USA not only would be reluctant to, but could not repeat not properly, explain the Canadian position to the Venezuelans.

8. We suggested fairly firmly that we were not repeat not convinced that an arrangement between Canada and Venezuela, as outlined, is at all necessary. We went on that such a concept is at some odds with what we thought to be the understanding when the group from Ottawa met with State on Friday. We still felt that a more desirable approach would be for any such presentation to be made in terms of a USA program. Mann said he felt that it was desirable and essential for us to come to some understanding with the Venezuelans which would then put the USA in the position of making it possible for them to do what we want them to do, i.e. accord free access to Canadian crude.

9. We offered as an alternative the ideas previously propounded, that is, that the USA might like to come forward with a plan together with the assumptions which we would hope might be acceptable to both Canada and Venezuela. We said pointedly, "it is the USA restrictions which are raising the entire question and not repeat not any Canadian activity." We went on that we felt that this was largely a matter of the responsibility of the USA government. Mann replied that he could not repeat not see the USA describing to the Venezuelans with any accuracy or conviction what the Canadian position may be. Venezuela must understand at first hand what the Canadian problems are. We thought that

for Canada to take the initiative, particularly when Venezuela has not repeat not made any approaches to us would indeed look odd.

10. Mann then admitted that our position was not repeat not unreasonable but he said it was essential that an explosion in Venezuela be prevented. He suggested that we would certainly want to play our part. We replied that the discussions of Friday last seemed to us to point in the direction of a possible desirable solution which could work to the advantage of Venezuela and to stability in that country. However, it seemed to us to be asking perhaps too much to put us in the position of appearing to negotiate with Venezuela in order that the USA should feel able to do something which we had consistently argued they should have been doing anyway (i.e. giving Canada free access to the USA market).

11. We returned to the theme of obtaining something a bit more precise than anything we have received to date and suggested that Mann might like to present to both Canada and Venezuela an outline of the proposal as they see it, together with the assumptions re Canada and Venezuela's positions. We could then, we said, determine whether in our view there would be any necessity for discussions with Venezuela. We pointed out that with the outline of the proposal and the assumptions we would all be in possession of the same basic information and that this would contribute to a determination of what the next steps might be.

12. Mann interjected at this point that he assumes the Canadian position as revealed in last week's discussions extends to both country of origin quotas and/or a mandatory system in terms of refinery companies based upon the latest revisions to the Carson proposal. We replied that we assumed this to be the case and asked Mann how, under a refinery system, Canada might be given free access to the USA markets since oil would not repeat not be identified by origin. He replied that it would be simple to include in the mandatory system a provision that crude oil of Canadian origin for the purposes of the order would be considered as equivalent to oil of USA domestic origin.

13. We asked Mann if he had any views on what, if anything, the announcements in Caracas on Friday last concerning higher income (including corporate income) taxes might have on the Venezuelan oil situation, and particularly on their willingness or lack of it to accept "the Mann Plan." Mann said he knew little of it except that this was an action undertaken by the outgoing junta without consultation with either the new government or the USA government or the companies and was done for the sole purpose of obtaining political credit presumably against future political activities. Mann used this as an example of the characteristic unreliability of the Venezuelans. He thought Canada should do more to help keep them reasonable. We pointed out that Canada has been and continues to be active in talking with the Venezuelans and that undoubtedly now with Ambassador Couillard on the spot he will again be presenting Canadian views directly to the responsible officials in Caracas.

14. Mann commented that President Elect Betancourt did not repeat not have much background or understanding of the problems or the program. However, a man whom he feels has considerable knowledge and in whom he has confidence is Dr. Perez Alfonso, a Minister in an immediate post World War II Venezuelan régime, who is presently with Pemex in Mexico. Betancourt suggested that Perez Alfonso might come to Washington together with the present Minister of Finance and with Perez de la Cova form a group with whom discussions might be held. Mann, in fact, said that he asked Betancourt how about this group going to Ottawa when they are up here and the President Elect saw no repeat no objections to such a trip.

15. We reiterated what we had previously said concerning the desirability of an outline of the program together with the assumptions being provided by the USA. We said that we would then be in a position to determine more accurately if discussions with the Venezuelans might be profitable. Mann then suggested that we might like to draft what he termed "the Canadian points" for presentation informally to him. He in turn could look them over and pass them back to us as coming from the Department of State. We thought that this was a bit unnecessary and Mann agreed that they could work out something which might be presented to us as an outline or a draft of the program taking into consideration the Canadian and Venezuelan positions and the assumptions on which the arrangement, as they see it, would rest.

16. As for the extension to the present voluntary program, Mann voiced the view that an announcement could be forthcoming at practically any time. He said that it is his view that the best we can do at present is to get an extension of the voluntary program for a period of up to sixty days. He said he felt that one of the great dangers is that if this is done non-compliance will be on such a massive scale that political action by the Congress may be extremely difficult to avoid.

17. While the discussion with Mann was in quite a different vein and tone from that of Friday with Beale, we feel that if an extension to the voluntary program is to be announced, the urgency has diminished a little. It has diminished at least to the point where we might be well advised to stand firm in the expectation of obtaining a more precise definition of the program as a basis for any future activities on our part.

18. As for the visit of Perez Alfonso and the Minister of Finance to Washington DC (and possibly Ottawa), we suggest that this one may be met if and when the circumstance arises.

SUBDIVISION II/SUB-SECTION II

PLOMB ET ZINC
LEAD AND ZINC

159. DEA/11049-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1540 Washington, July 10, 1957

RESTRICTED. OPIMMEDIATE.
Repeat Dept T & C (Dr. C.M. Isbister) (Information).

LEGISLATION — LEAD AND ZINC

In the course of an executive session held by the Ways and Means Committee on July 9 to consider member bills, the Administration bill dealing with the imposition of the sliding scale of excise taxes on lead and zinc was considered. The Committee agreed to hold hearings on the bill on the 1st or 2nd of August. These hearings will be open hearings and we assume that Canadian producers will be working with their principal importers in order to ensure that their case is given as much support as possible.

2. While it may be anticipated that consumers will resist the imposition of the sliding scale of duties on the grounds that it will increase the price of lead and zinc in the USA, compared with the world price, create uncertainty in the market, and therefore provide an incentive for the substitution of other metals for lead and, particularly, zinc, it seems to us unlikely that the Ways and Means Committee, being cognizant of the very considerable drop in the price of these metals recently and the fact that a number of USA mines and smelters are closing down, will not support it.

3. However, unless there is a switch in tactics or some unforeseen development, it appears unlikely that action by the House of Representatives will be sufficient in this session to enable action by the Congress to help domestic industry. The Senate has now joined in battle over the Civil Rights Bill and may very well continue to debate for several months so that it will be unable to deal with any other legislation.

4. In a conversation last night Representative Hale Boggs (D-Louisiana) who is Chairman of the Ways and Means Sub-Committee on Customs Tariffs and Reciprocal Trade Agreements expressed the opinion that the Administration can take action without waiting for a bill to go through the Congress. He suggested that the hearings would bring out the fact that the administration could take action under the previous Tariff Commission hearing. Thus, it may very well be that while Congress cannot act during this session, the end will be achieved through administrative action (in this connection, it may be noted that the maximum that the President can authorize, assuming that it is accepted that he has the right to act, would be the rates recommended by the Tariff Commission report to the President in May of 1954). For both lead and zinc, this would produce a maximum increase in duties/taxes somewhat below that called for in the Administration bills.

5. Some suggestion has been made that the President might authorize the full recommended increase (that is to say, 3 cents) by invoking the security escape clause. However, the Chairman of the Senate Committee on Interior Insular Affairs asked the Chairman of the Tariff Commission to give his opinion on whether the Administration proposals would be in violation of GATT. Brossard's answer was to the effect that this would be a violation of 1(b), Article 2 of GATT. He went on to qualify his opinion, however, to indicate that legislation would not be a violation in the event that provision would be made that the amendments should not become effective until such time as other negotiations with other contracting parties had been successfully concluded. In a similar reply from the Assistant Counsel of the Office of the Legislative Counsel of the Senate, the opinion was expressed that the imposition of the additional taxes without going through the procedures provided by Article 28 of the GATT would constitute a nullification or impairment within the meaning of Article 23. This opinion also referred to Article 21 relating to security exceptions but suggested it would be difficult to justify this position in the present situation and that in any event such action might require a formal declaration of emergency.

6. Copies of both these opinions are being sent to you under separate cover.

7. In a conversation recently with a representative of the New Jersey Zinc Company, it was intimated to us that at any hearings on this subject, domestic industry would make the point that unless it was given adequate protection the USA manufacturers will find themselves at the mercy of foreign combines producing lead and zinc who could impose any price they wish on USA consumers once they have succeeded in eliminating competition from domestic industry. It would be said that foreign producers are not subject to antitrust legislation so that there would be no protection for the USA market from foreign producers. We cannot say whether this line of defence will be adopted actually but we thought it of interest to record this remark since this point may be one that will need to be dealt with

at this hearing. We have heard no warning or intimation that attempts will be made to develop duties or taxes that will favour imports or ores or concentrates over imports of refined metal.

8. The Australian Embassy yesterday received from the State Department an answer to their protest on the proposed action of lead and zinc, which was referred to in our letter of June 11. A copy of this reply is being sent to you in our telegram 1542.† The reply rejects the Australian case and points to the fact that in 1954 and in May, 1956 foreign producers, including Australia, were warned of the rising rate of imports into the USA. The note goes on to point out that imports of lead from Australia have increased very considerably compared with the levels prevailing in 1954. Reference is also made to the expansion of other producers during the Korean war, whereas USA producers were held back because of price controls in the USA. Finally, it is emphasized that the present action is an implementation of the President's report when he rejected the Tariff Commission's recommendation in 1954 — "be prepared ... to consider even more far reaching measures and to make appropriate recommendations to the Congress."

9. We have received no reply to our memorandum which we presented to Mr. C. Douglas Dillon, Deputy Under-Secretary for Economic Affairs officially, and subsequently to Governor Adams and Hauge (messages 1258 and 1254 of May 29).[242] We have, of course, since then expressed our concern over these possible developments to other officials in the State Department, but it is possible that the State Department does not think that the form of our Note was such as to require any sort of formal reply similar to that given to the Australians. We are trying to find out if it is the intention of the State Department to reply officially but in the meantime if you would like an official reply, would you please let us know.

10. In our message 1295 [group corrupt] 4th of June, we asked if you could give us any opinion by the Canadian trade on how difficult it would be to live with this sliding scale as proposed by the Administration. We have had no comments from you on this particular point and it would help us here if we could have any formal opinion by traders on just how workable the Administration proposal would be if it were to be enacted.

---

160. DEA/11049-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM E-1079 Ottawa, July 19, 1957

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Message No. 1540 dated July 10th.
Repeat NATO Paris (Routine).

LEGISLATION — LEAD AND ZINC

1. We note that the Administration proposals for increased tariffs on lead and zinc have now been incorporated into a bill which is actively being considered by Congress. We have

---

[242] Voir volume 23, les documents 236 et 237./See Volume 23, Documents 236-237.

also noted with concern your comment that there is a possibility that the Administration might use existing powers to take action on lead and zinc without waiting for Congressional legislation. This matter has been brought to the attention of Ministers and it has been decided that formal representations should be made to the U.S. Government stating the views of the Canadian Government.

2. In response to your enquiries as to the possible impact of the U.S. proposals on our industry, we would make the following comments for your own confidential information. It is extremely difficult to make any assessment since the effect of the tariff increases will be largely conditioned by what happens to U.S. domestic price levels on these products. If U.S. domestic prices were to rise to the full extent of the tariff increases the damage to our trade might be fairly moderate. Even in these circumstances, however, it is likely that a number of marginal Canadian mines may be forced to close down. There is also the longer term implication with respect to the competitive position of zinc vis-à-vis alternative metals. In the event that the U.S. tariff increases were to result in a further decline in returns to Canadian producers the damage to our industry would be most serious. We are very concerned, also, about the possibility that the Administration's proposals may be subject to pressures within Congress for even more restrictive action and in such case we could envisage a serious disruption of production in our lead and zinc mining industry. In addition, such tariff increases could open the door for similar measures on other metals. The Canadian mining industry and the mining unions have expressed their concern to the Canadian Government on various occasions and have urged that strong representations be made to the United States.

3. Following is the text of a formal note which you should present to the United States State Department:

(a) The Canadian Ambassador has the honour to refer to the current proposals in the United States Congress for increased tariffs on imports of lead and zinc. It is noted that some of these proposals incorporate the recommendations of the Administration for new excise taxes with respect to which the State Department had given this Embassy advance information.

(b) On May 29, 1957, a Memorandum was presented to Mr. C. Douglas Dillon, Deputy Under Secretary for Economic Affairs, Department of State, setting forth the views of the Canadian Government with respect to the possibility that tariff increases would be applied by the United States on imports of lead and zinc. In that Memorandum it was pointed out that any such restrictive measures would be bound to have adverse effects on Canadian-United States trade relations, as well as on the strategic interests of both countries. Reference was made to the vital importance of the U.S. market for Canadian exports of lead and zinc, which totalled over $67 million to the U.S. in 1956. It was indicated that if the proposed restrictive measures were implemented they would have the effect of relegating Canadian producers to the position of marginal suppliers to the U.S. market. It was pointed out that the current rates of duty on lead and zinc have been negotiated with Canada under the General Agreement on Tariffs and Trade, and the proposed measures to increase tariffs would constitute an impairment of important contractual obligations by the United States, for which no adequate compensation in the form of reductions in the U.S. Tariff appears possible.

(c) The Canadian Government has now reviewed the situation and wishes to re-emphasize the above points in the strongest terms and to express its serious concern lest tariff increases or other restrictive measures be imposed on these important Canadian products. Such a development would have unfortunate consequences on Canadian-U.S. trade relations, and, to the extent that Canadian export interests would be affected, the Canadian Government would find it necessary to consider making appropriate compensatory adjustments with a view to restoring the balance of our trade agreement. It is clear that restrictive action on lead and zinc by the United States, leading to the possibility of compensatory adjustments on the part of Canada, would result in nothing but harm to our two countries and would be a serious setback to our mutual efforts to maintain expanding trade opportunities in the free world.

(d) In the light of these considerations, the Canadian Government would urge the United States Government to ensure that no tariff increases or other restrictive measures shall be applied on imports of lead and zinc.

---

161. DEA11049-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1607 Washington, July 23, 1957

CONFIDENTIAL. PRIORITY.
Reference: Your Tel E-1079 Jul 19.

LEGISLATION — LEAD AND ZINC

The Note outlined in your telegram was presented this morning to Mr. Dillon, the Deputy Under Secretary for Economic Affairs. In handing him the Note, I emphasized the serious and widespread effects which restrictive action by the USA might have in Canada and on Canadian attitudes.

2. Mr. Dillon considered our representations very fair. He recognized that if USA rates on lead and zinc were to be increased there would be only very limited scope for compensation by the USA. He appreciated, therefore, that it might well be necessary for Canada to withdraw concessions in order to restore the balance. In that event he did not see how the USA could object but he assumed of course that there would be some agreement on what represented equivalent compensatory adjustments.

3. Mr. Dillon did not forecast what Congress was in fact likely to do at this session. He noted that in the hearings so far the interests affected had severely criticized the Administration's proposals on the ground that they provided quite inadequate relief. He thought the Administration had been right in submitting its own version of what it considered reasonable, if only to put the President in a stronger position for vetoing any more extreme measure which Congress might pass.

4. The State Department realized that a very large number of countries might be seriously affected by the proposed action. They thought Peru would probably be the hardest hit since such a large part of Peruvian export earnings came from these base metals. The restrictions would also do substantial harm to Mexico, Australia and Yugoslavia, as well as Canada. In the case of zinc, production was widely spread throughout the world and in varying degrees almost all countries would be affected. The Administration did not, however, see any alternative which would be more satisfactory than the proposal which it had made.

Even with this action, Mr. Dillon thought that, as was already evident, many domestic producers would have to curtail production or, in some instances, go out of business.

5. I inquired informally about an indication which I had had that the Mexican Ambassador had talked with the State Department regarding a possible arrangement among the principal foreign producers to restrict production or at least to curtail exports to the USA. The officials who were present with Mr. Dillon had heard of this informal proposal, which they understood the Mexican Ambassador had mentioned to Mr. Kalijarvi, the Assistant Secretary of State for Economic Affairs. Apparently the Mexican Ambassador had intimated that his government might be willing to consult the governments of other producing countries on the possibility of such a self-denying undertaking or understanding if that would avoid formal restrictions on imports into the USA. Later Mr. Kalijarvi had told him that the Administration felt bound to continue to support the proposals which it had made to Congress. If Congress did not act at this session, there might then be some value in exploring the possibility which the Mexican Ambassador had put forward.

6. In view of the fact that several of the most interested countries are in Latin America, it is quite likely that there will be some discussion of the lead and zinc situation, either in the conference room or in the corridors, at the economic meeting of the Organization of American States in Buenos Aires. You will no doubt wish to ensure, therefore, that our observer, Mr. Bower, is provided with enough of the latest background to permit him to participate at least informally in some of the conversations which may take place.

7. The exact text of the note† which I presented is being sent to you in tomorrow's bag.

[N.A.] ROBERTSON

---

162. DEA/11049-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 520 Washington, March 7, 1958

CONFIDENTIAL. PRIORITY.

LEAD AND ZINC IMPORT POLICY

Yesterday afternoon I called on Mann, the Assistant Secretary for Economic Affairs, at his office in the State Department to ensure that USA officials were taking full account of Canada's interests in their consideration of this matter. I mentioned reports which I had heard of possible interventions by the Presidents of Mexico and Peru with President Eisenhower. I said I wanted to be certain that the absence of any similar representations from us at this stage would not repeat not be interpreted as meaning that our concern was any less than that of the Mexicans and Peruvians. I referred to the fact that Canadian ministers were at the moment naturally somewhat preoccupied with the election campaign.[243] If, however, there was any doubt about the weight which should continue to be attached to our earlier representations, we would wish to reiterate our views in as emphatic a manner as possible.

---

[243] Des élections fédérales ont été déclenchées pour le 31 mars 1958.
The federal election was called for March 31, 1958.

2. Mann assured me that our submissions regarding lead and zinc were "on the top of the file" and were very much in their minds. He confirmed that the Mexican President had sent a message to President Eisenhower but he had not repeat not heard of any similar correspondence from the President of Peru. He said quite categorically that our position was fully understood and that further formal representations would not repeat not serve a useful purpose.

3. Mann did not repeat not know when the Tariff Commission was likely to make its report or what its recommendations were likely to be. He also could not repeat not forecast what the reaction of the Administration might be to the recommendations when they are received. He indicated that active consideration was being given by officials in the various departments to possible alternatives that might be resorted to, if the Commission's recommendations were found to be unsatisfactory. He did not repeat not disclose what the most likely alternatives were. One point of some interest which he did mention was that if any action were to be taken which restricted imports it would probably have to apply not repeat not only to ores, concentrates and metals but also to certain other items with a high lead or zinc content since if these were not repeat not covered the restrictions could be evaded.

4. The general tenor of Mann's remarks was that he and his colleagues in the State Department were anxious if possible, even at this late date, to find some device which might avoid excessive interference (at least directly) with imports. He emphasized his concern about the political and economic consequences which might follow in the Latin American countries from any USA action directed at their exports (especially at a time when it seemed to him that some of the main sources of foreign exchange earnings, such as coffee, were in a precarious position). Although as you will be aware, much of Mann's experience has had to do with South American affairs, he also seemed to appreciate the serious effects which restrictive action on any of the forms of lead and zinc exported by Canada could have.

[N.A.] ROBERTSON

---

163. DEA/11049-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[244]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[244]

Ottawa, May 12, 1958

LEAD AND ZINC

The United States Tariff Commission reported to the President on April 24 on its investigations into the lead and zinc industry. The Commission found unanimously that lead and zinc imports into the United States were causing serious injury to the domestic industry. In their recommendations, however, the members of the Tariff Commission were divided, three members recommending the maximum permissible rates of duty as well as quantitative restrictions on imports, while the other three members recommended a return to the rates of duty originally imposed by the Tariff Act of 1930.

---

[244] Note marginale :/Marginal note:
I concur SE S[mith]

As you know, the President has sixty days within which to publish his decision on these recommendations. As a first step the Trade Policy Committee, which operates at Cabinet level, will consider the report of the Tariff Commission. It is therefore of some urgency that countries having an interest in this matter submit their representations on the Tariff Commission's findings and recommendations before the consideration of the issue has gone very much further.

I attach a draft note to the United States Government which has been prepared by officials. The note carries interdepartmental agreement and is being cleared individually with the Ministers primarily concerned. I should be grateful if you could indicate whether the draft carries your judgement.

Since the recommendations of the Tariff Commission were published, the United States Administration has announced its intention to place before Congress a plan which would have the effect of stabilizing payments to United States producers of certain base metals, including copper, lead and zinc. The plan would provide for payments equal to the difference between the domestic market price and the stabilization price specified for these base metals. The payments would be subject to an overall production ceiling for each metal and to specific ceilings for individual producers.

You will see that the proposed note does not contain any reference to this stabilization plan which was put forward by Mr. Seaton, the Secretary of the Interior, to the Senate Interior and Insular Affairs Committee on April 28. The reason for this omission is twofold. First, whatever the merits of the Seaton Plan, it is not clear that in circumstances of over-supply incentive payments to United States producers of lead and zinc would necessarily serve our best interests. Second, while the Administration appears to be thinking of the Seaton Plan as an alternative to the Tariff Commission's recommendations, we cannot be sure that the plan will not be modified to provide for increased tariffs when it is considered by Congress. Indeed, in the present protectionist mood of Congress we cannot rule out a solution to the lead and zinc problem which, as far as Canada is concerned, would combine the worst of all possible worlds.

D.V. LEP[AN]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Projet de note pour le Gouvernement des États-Unis

Draft Note to United States Government

CONFIDENTIAL

LEAD AND ZINC

The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to refer to the report of the United States Tariff Commission dated April 24, 1958, which is entitled "Lead and Zinc." The Canadian Government welcomes the opportunity to express its views on this report.

The terms upon which lead and zinc are imported into the United States are of great importance to Canadian exporters of these metals and to the Canadian Government. The tariffs on lead and zinc ores and metals have been negotiated with Canada on successive occasions and bound against increase under the General Agreement on Tariffs and Trade. The existing tariff rates and the undertaking that import quotas are not to be imposed form an important part of this agreement which governs trade relations between our two countries.

There has been an indication that the United States might take action pursuant to the Tariff Commission report under Article XIX of the General Agreement on Tariffs and Trade. The Canadian Government would expect to be consulted according to the terms of the General Agreement on Tariffs and Trade in respect of any action which may be proposed. The Canadian Government could not, however, regard this report by itself as an adequate basis for the consultations for which provision is made in Article XIX.

Since the members of the United States Tariff Commission were divided in their recommendations, it is difficult for the Canadian Government to assess the degrees of probability attaching to various possible actions by the United States Government which might affect Canadian interests. From careful study of the material set forth in this report, however, it is difficult to find why the Tariff Commission has concluded any increased protection on lead and zinc to be justifiable and necessary. The Canadian Government is unable to see that the studies of the Tariff Commission can be held to controvert the representations which have been addressed to the United States Government on numerous occasions to draw attention to the importance of avoiding increased tariffs, restrictive quotas or other measures which would restrict imports of these metals into the United States.

The USA authorities are undoubtedly aware of the advantages to USA consumers of economical supplies of these metals from Canada. They will also recall the special importance which was attached to such supplies during successive periods of international emergency in which both countries worked in full co-operation towards common objectives. They no doubt recognize the value which the maintenance of dependable and efficient sources of supply in Canada could have in similar situations in the future. More generally, the USA authorities are undoubtedly conscious of the adverse economic and political effects which restrictive action by the USA Government with respect to these metals could have on Canada and on many other friendly countries.

The United States sold $3,999 million worth of goods in Canadian markets in 1957. Canada sold $2,942 million worth of goods in United States markets in the same year. Any restrictive measures applied to lead and zinc would further reduce Canadian opportunities to sell in the United States.

The Canadian Government would most earnestly request the United States Government to refer again to the Note of July 23, 1957,[245] which set forth the Canadian Government's views in this matter. The Canadian Government would strongly urge that no increases should be made in the United States tariffs on lead and zinc and that no measures which would have the effect of restricting import of these metals should be imposed.

---

[245] Voir/See Document 160.

164. DEA/11049-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM E-812 Ottawa, May 14, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel E-800 of May 12.†

Repeat London, NATO Paris, Geneva, T&C Ottawa, Lima, Canberra, Pretoria, Brussels, Mexico City (Information).

LEAD AND ZINC

Ministers have now approved text of Note subject to insertion at end of paragraph 6 of following sentence; begins: "On economic grounds Canada could hardly be expected to continue to be such a good customer of the United States if its exports were to be seriously curtailed by United States Government action" Ends. Accordingly it would now be in order for you to present Note as revised to State Department at earliest opportunity.

2. We foresee that ministers are likely to be asked in House of Commons whether representations have been made to U.S.A. Government in this matter. Against this possibility do you see any reason why we should not, in due course, seek U.S.A. concurrence to publication of our note?[246]

---

165. DEA/11049-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1972 Washington, August 26, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tels 1946 and 1952 Aug 22.†

Repeat T&C (M. Schwarzmann and D. Harvey), Finance Dept, Mines and Tech Surveys, London (Tregaskes) (OpImmediate) (Information).

LEAD AND ZINC — STATE DEPARTMENT SUGGESTS COMMODITY AGREEMENT

We met this morning with Thomas Mann, Assistant Secretary, Bureau of Economic Affairs, State Department, and various other State and Interior Department officials, including Clarence Nichols, Deputy Director, International Resources Division of the State Department who will attend the forthcoming meeting to be held in London on lead, zinc and copper. Although we had previously had the impression that the meeting would be to tell us of the position which the USA will take at the London meeting, it became immediately apparent that this position is dependent upon our reaction to a proposal for a commodity agreement, as outlined to us by Mr. Mann.

---

[246] Cette note a été transmise au Département d'État le 19 mai 1958.
This note was delivered to the Department of State on May 19, 1958.

2. Mann outlined briefly to us the course which the proposals to provide relief to the USA lead and zinc producers has run up to the present. You are familiar with this story which culminated in the rejection of the Minerals Stabilization bill by the House of Representatives, as reported to you in the first of our reference telegrams.

3. Mr. Mann pointed out that defeat of this bill has left the President in the position of making a decision favourable to the Tariff Commission recommendations, either in whole or in part, rejecting these recommendations, or suspending a decision on them pending the completion of alternative arrangements which would meet the problems of the USA industry. He said that in view of the Administration's virtual commitment to assist the industry by proposing the Minerals Stabilization bill as an alternative to the Tariff Commission recommendations, it would be extremely difficult, if not repeat not impossible, for the President now to reject, out of hand, the Tariff Commission recommendations. On the other hand, the Administration is reluctant to take action of a tariff or quota nature if an alternative solution can be found. The alternative which the State Department envisages is an international commodity agreement covering the export of lead and zinc.

4. Mann told us that he would like to have our reaction to his suggestion for a stopgap arrangement between Australia, Canada, Mexico and Peru, to cutback exports of these two metals. Would Canada, he asked, agree in principle to the proposal? He suggested that such a stopgap arrangement between these main producers might best cover a period of from eight to twelve months. If agreement were reached on such an arrangement, there would then be sufficient time for a study group, which could be agreed on at the London meeting, to examine with all producing and consuming countries the possibility of establishing an international commodity agreement at which all would be represented. Mann told us that the Mexican Ambassador had informed him that the Mexican Government would be prepared to go along with the proposed stopgap arrangement. Mann also said that he was confident that the Australians would agree to this and he was of the opinion that Peru would probably also agree. He said that the basic problem appeared to be one of reaching agreement between Canada and the USA.

5. Mann pointed out that the USA Government cannot repeat not order cutbacks of USA production without the authority of Congress, which will not repeat not reconvene until January and which, in any event, would be unlikely to agree to such imposed cutbacks. He also said that the government and domestic producers are prohibited by the Antitrust Act from reaching agreement on a voluntary cutback of production. He suggested that, under these conditions, the type of agreement which would be most acceptable would be an informal one which would not repeat not include extensive written clauses, provisions, formula, etc. We suggested that this appeared to place the onus on the exporting countries to maintain world prices by reducing their production, and asked whether Mann visualizes a type of international stockpiling of the nature now being implemented by the International Tin Council. He said he did not repeat not envisage any such stockpiling, as an agreement which included such a provision could be implemented only as a result of complicated formulae which would have to form part of an extensive written agreement. He did imply, however, that he personally would favour a small amount of stockpiling by the USA to relieve the present excessive stocks held by the large USA producers. Advantage might be taken of this attitude (if we were to indicate a willingness to examine the proposal further) to obtain a commitment to stockpiling by the USA Government in proportion to the cutback of our own exports.

6. Mann appeared to be purposely vague as to the precise type of agreement which might be reached between the producing countries as a stopgap arrangement. He was equally vague about how the USA would fit into the picture. However, we gather that the USA main contribution would be its failure to increase USA tariffs on these metals, or to establish quotas for them, as such interim arrangement pending some sort of international agreement would then permit the President to say that steps were being taken to look after the interests of the USA industry.

7. During the course of the discussion, Mann and his colleagues emphasized that their problem is of an urgent nature. They have been told by representatives of the major USA producers that the private stockpiling which these producers have been doing has been financed by short-term loans and that they must obtain relief or decide to further reduce production within the next thirty days, as they will be unable to bear the expenses of maintaining such stocks beyond that period. In other words, within thirty days there must be some clear indication that relief is in sight. Otherwise, a number of producers will collapse. Mann said that they were making this suggestion to us as they assume that all of the countries concerned would prefer to see an arrangement for orderly marketing of these two raw materials which would maintain their markets in the USA rather than have permanent barriers imposed. He suggested that such an arrangement would perhaps permit the price in the USA to be maintained at such a level as to gradually eliminate the small and inefficient USA producers, thus gradually reducing their political importance. According to their latest information, there were about 600 small producers, of which 200 have already suspended operations. These small producers represented about 15 to 20 percent of the production in 1957.

9. It appears to us that the USA Administration would be happy with any type of interim arrangement which could be decided upon by the four main producing countries, whether administered by the private firms involved or by the governments of the countries concerned. It was apparent, however, that Mann thought that the government of the exporting countries could be the only efficient administrators of such an agreement, as he referred frequently to the coffee study group which was recently established and which is composed mainly of official representatives of the participating countries. To try to obtain a clarification of this, we asked whether, in his view, such an arrangement would also cover ores and concentrates. He replied that for the final agreement to be effective it probably would have to include all of the items which would affect the market situation. We assume that he meant this statement to cover scrap metal exports which could also be of importance.

10. We would be grateful if we could have your reaction to Mann's proposal as soon as possible, for it appears essential to convey this to Mann well before the London meeting if we wish the attitude of the USA Government representative (Nichols) to be of a positive nature with regard to an international commodity agreement on these metals.[247]

---

[247] La note suivante adressée à L.E. Couillard était annexée à ce télégramme :/The following note addressed to L.E. Couillard was attached to this telegram:

I talked to T&C. They think US proposal is exactly what we have been resisting all along. Nevertheless, they are approaching the industry on a confidential basis before preparing a reply (on which there will be interdepartmental consultations). We agreed that if we really have to select least of many evils we might as well take tariff increase and write it off against fruits and vegetables. K. G[oldschlag]

166. DEA/11049-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM E-1597 Ottawa, September 5, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel 1972 of August 26.

Repeat T&C (Harvey & Schwarzmann), London, Permdel New York (Information).

LEAD AND ZINC — STATE DEPARTMENT SUGGESTIONS

1. Your message of August 26th has been given careful interdepartmental attention. We are aware of course of the circumstances which have led up to the suggestions made by Mr. Mann that a stopgap arrangement be set up by four principal exporting countries of lead and zinc to cut back exports to the United States voluntarily, pending broad examination at the London meeting of the possibility of establishing an international commodity agreement.

2. The United States proposals as outlined by Mann would require detailed clarification. However, there appears to be nothing in his comments which would indicate a modification of the U.S. Administration's previously announced intention to devise methods of protecting the U.S. industry. Thus, it can only be assumed that the U.S. suggestion is that other producers, including Canada, should voluntarily restrict their own exports to the United States without corresponding sacrifices being made by the U.S. Government or U.S. producers.

3. We note that the United States has requested our reaction to these proposals. Accordingly we would appreciate your communicating verbally to the U.S. authorities the following comments which have now been approved by Ministers. The gist of these was passed on to Ritchie by telephone on Wednesday.

(a) With respect to tariff increases or any other import restrictions on lead and zinc by the United States, the Canadian view as expressed in formal Notes to the United States Government remains unchanged. It is not felt that any increased protection on lead and zinc is justifiable or necessary. Any such measures would constitute a serious impairment of Treaty obligations.

(b) With respect to any provisional or interim arrangement in which Canada and other producers would voluntarily limit exports to the United States without any equivalent cutbacks by the United States, this could not be contemplated.

(c) With respect to the broader question regarding an intergovernmental commodity agreement which might be considered following a review of the world market situation for lead and zinc in the forthcoming London Conference and in which the United States would also play its full part, while the Canadian Government has some misgivings, Canada would be prepared to consider such proposals on their merits.

167. DEA/11049-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2177 Washington, September 9, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel E-1597 Sep 5.

Repeat Finance, Mines & Tech Surveys, T&C (Schwarzmann & Harvey), Permis New York, London (Tregaskes) (OpImmediate) (Information).

LEAD AND ZINC

The points in paragraph 3 of your message have been passed orally to Mann, the Assistant Secretary of State for Economic Affairs. He was grateful to have this indication of the Canadian Government's views, but he informed us that the situation had deteriorated substantially and rapidly since his conversation with us last Friday. There had been strong pressure yesterday from the industry (and, he admitted quite frankly, from the Republican National Committee) to have some drastic action taken as early as today. Mann's best judgment at the moment is that the President will not repeat not be able to defer acting beyond next Monday or Tuesday, September 15 or 16, and that unless some ingenious alternative is devised in the meantime his action will probably have to take the form of a "stiff" quota restriction or tariff increase for at least the next twelve months. In this connection Mann indicated that the lawyers had now determined that it would be legal for the President to raise tariff rates temporarily for a fixed period such as twelve months.

2. The only alternative which Mann is currently exploring is some arrangement for curtailing domestic production in the USA which might make it less difficult for the major exporting countries to impose some kind of restraint on their shipments to the USA. He thought the major domestic producers (accounting for some 85 percent of USA production) might be willing to go along with such a scheme provided they could be given a guarantee of immunity from suit under the anti-trust laws. He was reasonably confident that the Department of Justice would be ready to give an assurance that it would not repeat not bring suit but this in itself did not repeat not solve the problem since under USA legislation it is open to a third party to sue for triple damages if it considers itself injured by a combination in restraint of trade. Mann will be consulting actively today with those most directly concerned in the government and in industry and will let us know if he succeeds in making any progress.

3. Mann declared categorically that there was no repeat no legislation under which production could be curtailed except by collaboration among private firms. The government itself has no repeat no general authority to impose restrictions on production.

168. PCO

Note du ministre par intérim du Commerce pour le Cabinet

Memorandum from Acting Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 285-58 [Ottawa], October 9, 1958

SECRET

UNITED STATES IMPORT RESTRICTIONS ON LEAD AND ZINC

Effective October 1st, the United States Government imposed quotas on imports of lead and zinc from Canada and other countries. These quotas were established at 80 per cent of the average annual imports during the five-year period, 1953-57. The average annual value of Canadian exports to the United States during this period was $63 million. This is the first occasion on which formal quantitative restrictions have been imposed by the Government of the United States on such an important industrial raw material in Canadian export trade.

We have already made a number of representations to the United States Government on the lead and zinc problem. Now that the restrictions have been imposed, it has been agreed among Ministers directly concerned that, in addition to the public comments made by the Minister of Trade and Commerce, a formal protest should be made. To this end I am attaching a draft Note to the United States Government on lead and zinc which has been prepared by the Interdepartmental Committee on External Trade Policy.

I recommend that this Note be approved for submission to the United States Government.[248]

[J.M. MACDONNELL]

[PIÈCE JOINTE/ENCLOSURE]

Projet de note pour le Gouvernement des États-Unis

Draft Note to United States Government

CONFIDENTIAL [Ottawa], October 9, 1958

LEAD AND ZINC

The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to refer to the President's proclamation of September 22 imposing restrictions on the quantities of lead and zinc which may be imported into the United States.

This action by the United States Government will limit future importations of Canadian lead and zinc to 80 per cent of the average annual commercial imports during the five years 1953-57. It is clear, therefore, that the Canadian lead and zinc mining and smelting industry will stand to suffer a loss of a part of the valuable export market which it has enjoyed in the United States these many years. In addition, these U.S. import restrictions are bound to have adverse effects on the exploration for and development of new mines in

---

[248] Le Cabinet a approuvé, avec de légères modifications, le texte de ce projet de note le 16 octobre 1958.
With minor modifications, Cabinet approved the text of this draft note on October 16, 1958.

Canada, thus prejudicing a resource development programme which is important to the wealth and strength of the western world.

The views of the Canadian Government on this subject have been expressed in several Notes to the United States Government, the most recent of which was delivered on May 19, 1958. In these representations, emphasis was placed on the adverse economic and political effects which restrictive action by the United States with respect to these metals could have on Canada and on other friendly countries; reference was also made to the factors which lead the Canadian authorities to believe that such action would be unnecessary, unjustifiable and contrary to the interests of the United States itself; and it was indicated that tariff increases or other measures restricting the import of these metals would constitute a serious impairment of major benefits accruing to Canada under the Trade Agreement between Canada and the United States.

In spite of these representations, and at a time when steps were under way to search for an equitable international solution to lead and zinc problems in which all interested countries including the United States would play their appropriate part, the United States Government has taken unilateral action restricting imports of lead and zinc thus shifting the principal burden of readjustment to world market conditions onto producers in other countries.

It is a matter of regret that the United States should have decided to impose new trade barriers on an important industrial raw material. This decision could have serious implications for the broad fabric of international trade relations, particularly in the light of the protectionist tendencies evident in many parts of the world. In addition, the imposition of import restrictions is contrary both to the terms and spirit of the GATT and impairs the value of tariff concessions negotiated and bound to Canada under that Agreement. In the face of this situation, the Canadian Government reserves the right to compensatory action that may be necessary to redress the balance of advantages in the trade agreement between the two countries.

The Canadian Government has noted the assurances given by the United States Government that the action taken is temporary. In the light of these assurances and having in mind the obligations of the United States under the General Agreement on Tariffs and Trade and its responsibilities as the leading trading nation in the free world, the Canadian Government urges the United States Government to take early steps to terminate the recently imposed trade restrictions on lead and zinc.

169. DEA/11049-40

L'ambassadeur aux États-Unis
au ministère du Commerce

Ambassador in United States
to Department of Trade and Commerce

TELEGRAM 2592 Washington, October 23, 1958

CONFIDENTIAL

Repeat External, Mines and Tech Surveys, Finance (Information).
From Harvey

LEAD AND ZINC

We took the opportunity in delivering the Note on lead and zinc to discuss with Thomas C. Mann, Assistant Secretary of State for Economic Affairs, the subject of the forthcoming lead and zinc meetings in Geneva.[249] The first point raised by Mann concerned the procedure of the Conference. He enquired if we could throw any light on when or how a decision had been taken to reconvene the Conference itself. This decision they had assumed would be the responsibility of the Working Committee after consideration of replies from all participating countries. He indicated that he still looked upon these as exploratory meetings. He did not anticipate that the USA delegation would have authority to go beyond the point of discovering if a common basis of agreement seemed to be possible and certainly did not visualize participating in the drafting of an agreement at this stage. The delegation would be expected to report back for the whole subject to be examined in the Council on Foreign Economic Policy.

2. It was implied that USA might accept what he described as "the exporters club" arrangement but he referred to continuing opposition within departments to American participation in commodity agreements and indicated that there were agencies which would urge "unilateral action to deal with the American problem and leave it at that."

3. He asked if Canada would prefer tariff action to the continuation of quotas. He elaborated on the subject of the tariff with reference to a sliding scale varying with the price level and becoming inoperative about a ceiling price. We did not pursue the subject.

4. There was a good deal of reference by the State and Commerce representatives present to the very limited impact on Canadian producers of the existing import quotas and in this connection there was also reference to substantial benefit accruing to Canadian industry from the advance in price which had occurred since the quotas were announced.

5. They confirmed also their understanding that there had been no significant reduction in the mine output in Mexico or Peru as we understand also to be the case in Australia, thus pointed to the fact that in-bond stocks in North America had been moved into the market before the imposition of the quotas and that these in-bond stocks were now being rebuilt.

6. The general attitude exhibited was one of minimizing real damage done to the Canadian position and concern with implications of possible political results of letting the law of supply and demand take its toll in Latin America. There was also reference to the serious impact of the quotas on Australia. Clearly, they were looking at Canada as at the present moment enjoying a favoured position vis-à-vis the three other exporters, leaving us to draw our own inferences as to possible alternatives to "the exporters club."

---

[249] Pour un aperçu de la Conférence des Nations Unies sur le plomb et le zinc de novembre 1958, voir United Nations, *Yearbook of the United Nations*, New York: Office of Public Information, 1959, p. 127.
For an overview of the November 1958 United Nations Conference on Lead and Zinc, see United Nations, *Yearbook of the United Nations*, New York: Office of Public Information, 1959, p. 127.

170. DEA/11049-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2762 Washington, November 10, 1958

RESTRICTED. PRIORITY.

Repeat T and C, Finance, Mines and Tech Surveys (Information).

LEAD AND ZINC

Following is the text of a Note received this afternoon from the State Department in reply to our communication of October 22. Begins: The Secretary of State presents his compliments to the Chargé d'Affaires ad interim of Canada and acknowledges the receipt of his Note dated October 22, expressing the views of the Canadian Government about the imposition of quotas on imports of lead and zinc into the USA and requesting their termination. The importance of international trade in lead and zinc to Canada and the Canadian Government's concern about the quotas is fully appreciated.

The quotas were imposed only after prolonged consideration of all aspects of the question. Following more than six months investigation, the USA Tariff Commission reported to the President in April 1958 that it unanimously found that the domestic industry was being seriously injured by imports. The Commission's report showed that there had been striking declines in domestic production, prices and employment, while imports had increased substantially. After the Commission made its report, the Administration proposed to the Congress a domestic minerals stabilization plan, as an alternative method of dealing with the situation. When the plan was defeated in the Congress, the USA consulted with other countries, bilaterally and in the international meeting at London, regarding a multilateral solution of the lead and zinc problem. However, it became apparent during the London meeting that an international arrangement could not be fully developed without further study and discussions. In the meantime the conditions in the domestic industry continued to deteriorate. Domestic producers had cut back production by about 25 percent during 1958, but imports remained at high levels and production in some countries continued to expand. It was against this background that the President took action on September 22 to remedy the injury to the domestic industry.

It is a fundamental policy of the USA to encourage the expansion of international trade in order to increase the economic and military strength of itself and its allies. The Canadian government, however, will recognize that special circumstances may develop when it becomes necessary to take remedial steps when a domestic industry is being seriously injured by imports. Article XIX of the GATT is based upon a recognition of this principle.

In imposing the quotas on lead and zinc the USA conformed carefully with the provisions of Article XIX of the GATT. On April 25, 1958, the day after the USA Tariff Commission made recommendations to the President for restricting imports of lead and zinc, the situation was discussed by the Department of State with representatives of the Canadian Embassy and the other embassies concerned. They were informed that the USA Government was instituting Article XIX consultations through these discussions, that the President was considering the recommendations made by the Tariff Commission and that any views their governments cared to express would be studied carefully. The Canadian

Embassy, and several other embassies, subsequently commented on the Tariff Commission's recommendations. These comments were fully weighted in arriving at the decision made. On September 19, three days prior to the public release of the presidential decision, the Canadian Embassy, and other interested embassies, were informed of the proposed action. At that time they were informed that the USA government, of course, was prepared to continue consultations and would consider all suggestions made by other governments concerned. In this connection, it is noted that the Canadian government reserves the right to compensatory action that may be necessary to redress the balance of advantages in the trade agreement between the two countries.

The quotas on lead and zinc will continue, in conformity with the provisions of the GATT, to the extent and for the time necessary to remedy or prevent injury to the domestic industry. In accordance with a presidential executive order relating to escape-clause actions, the Tariff Commission will keep under review and make periodic reports to the President on developments with regard to lead and zinc, so as to provide information as to the extent to which such measures remain necessary. Ends.

SECTION C

ÉLIMINATION DES SURPLUS AGRICOLES DES ÉTATS-UNIS
DISPOSAL OF UNITED STATES AGRICULTURAL SURPLUSES

171. J.G.D./VI/729.3 Vol. 486

Ministre des Finances
au premier ministre

Minister of Finance
to Prime Minister

PERSONAL AND CONFIDENTIAL. Ottawa, July 21, 1958

My dear Prime Minister:

I enclose herewith a copy of a memorandum which has been prepared in this Department on the subject of United States surplus disposal policies and their effect on Canada's interests, particularly in relation to the marketing of wheat. While it does not purport to bring out anything new, you may find it a useful summary of this important subject.

Yours sincerely,
DONALD M. FLEMING

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère des Finances

Memorandum by Department of Finance

CONFIDENTIAL [Ottawa], July 17, 1958

U.S. SURPLUS DISPOSAL POLICIES

This study of U.S. surplus disposal policies, particularly the wheat barter programme, was made as a result of U.S. reaction to the Budget Speech reference[250] to the harm resulting to the Canadian economy from massive U.S. disposals of wheat and other grains.

U.S. Exports of Wheat

The United States has, since 1953-54, subsidized all exports of wheat, as U.S. market prices have been supported at levels well above prices in world markets. The amount of the subsidy has varied with changes in U.S. and world market prices but it has been of the order of 70 cents a bushel. In addition, special export programmes of various forms have been responsible for moving a considerable part of total exports. These include sales for local currencies (authorized under Title I of the Agricultural Trade Development and Assistance Act of 1954 — P.L. 480 — and Section 402 of the Mutual Security Act), barter (authorized under several acts whose provisions are reinforced by Title III of P.L. 480) and donations to meet famine and other emergency situations (authorized under Titles II and III of P.L. 480). Special disposals of wheat (including wheat flour in terms of wheat) accounted for 74 per cent of total wheat exports in 1955-56 and 69 per cent in 1956-57. By programmes the quantities exported were:

	1955-56	1956-57
	(million bushels)	
Title I (local currency)	94	197
Title II (famine and other emergency relief)	11	12
Title III (barter)	69	88
(donations)	3	12
Mutual security programmes	61	67
Total government programmes	238	376
Commercial sales for dollars	83	172
Total U.S. exports	321	548

For all agricultural commodities special disposals amounted to 42 per cent of total U.S. exports in 1955-56 and 42 per cent in 1956-57; the considerably higher figures for wheat are measures of the efforts made to dispose of the massive government-held stocks of this product.

---

[250] Le budget du 17 juin 1958 de Donald Fleming faisait référence en ces termes aux politiques américaines d'écoulement des surplus : /Donald Fleming's June 17, 1958 budget contained the following reference to American surplus disposal policies:

> "In addition, United States agricultural policies continue to be severely damaging to Canadian interests. Apart from direct restrictions imposed on Canadian agricultural products, we suffer severe harm from United States surplus disposal activities. Massive United States disposals of wheat and other grains on give-away or subsidized terms have done serious damage to Canadian exports in some of our best commercial markets. Despite frequent and energetic Canadian complaints these harmful practices have continued. We find it difficult to understand why the United States should treat its best customer and friendly neighbour in this way."

Exports of wheat from the United States in the 1956-57 crop year were the highest on record and accounted for 43 per cent of world export trade in wheat. Disposals under U.S. government programmes were 29 per cent of world exports. Despite this achievement North American stocks of wheat increased because of a decline in Canadian exports and an increase in Canadian carryover. The conclusion is inescapable that the U.S. record was reached partly at the expense of the Canadian wheat grower.

Pricing Methods

Disposals have been assisted not only by export subsidies and special programmes but also by pricing methods which have reduced the net prices of wheat. In a study entitled *Multiple Pricing of American Wheat* by Helen C. Farnsworth (Food Research Institute, 1958), an attempt has been made to set down the effective prices under different types of disposal of several grades of U.S. wheat, taking into account concessions granted in interest rates, the CCC payment of ocean transportation costs on sales for local currency and special prices for flour milled for export. The following table shows the calculated prices for 1956-57 of No. 2 Hard Winter wheat at Kansas City.

	$ per bushels
Terminal "loan" rate	2.30
Domestic market price	2.28
IWA export price	1.56 (exports in form of grain)
	1.34 (exports in form of flour)
Barter basis	1.45
Foreign currency price (net) Section 402	1.25
Public Law 480, Title I	.64-1.06 (exports in form of grain)
	.55-.91 (exports in form of flour)

Disposal Policies

On sales for local currency under Title I the President is required to take reasonable precautions to "safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities." Barter transactions are to be made when the Secretary of Agriculture has "reason to believe that, in addition to other authorized methods and means of disposing of agricultural commodities owned by the Commodity Credit Corporation, there may be an opportunity to protect the funds and assets of the Commodity Credit Corporation by barter or exchange."

In Title I disposals the Secretary of Agriculture and U.S. officials have stressed the "welfare" aspect, pointing to the high proportion of disposals in underdeveloped countries and those without dollar resources. Secretary Benson, at the joint U.S.-Canadian meetings held in October 1957 said that in 1956-57, 88 per cent of Title I sales were made in twelve non-commercial markets and only 12 per cent in partly commercial markets. He admitted that in the previous year, when the proportion of partly commercial sales was 30 per cent, two transactions had been made which might have interfered with Canada's ability to compete. Apart from damage which may have resulted from these disposals to Canada's ability to sell wheat abroad, the "tied sales" and "usual marketings" features of Title I agreements tend to perpetuate a pattern of trade which may deny future opportunities to Canadian exporters. It is, perhaps, significant that there has been a decrease in the amount of dollar wheat sales which U.S. officials have required to satisfy the "usual marketings" clause in Title I disposals. In 1957-58 the requirement has been written in to only one new agreement.

In 1956-57 the quantity of wheat exported under Title I agreements was 197 million bushels. Shipments under barter contracts were 88 million bushels, or 45 per cent by value of all agricultural products exported by means of this device.

Barter exports constituted a much more disturbing element to trade than Title I exports. The major destinations of agricultural products shipped under barter contracts were the United Kingdom, the Netherlands, Japan, Belgium, West Germany and France, countries with ability to pay in dollars for essential imports.

Under former regulations, barter provisions allowed U.S. private traders freedom to find their own foreign markets and to negotiate their own terms. They could select CCC surplus commodities according to the deals they were able to arrange and export them subject only to the requirement that they would be trans-shipped only to friendly countries. The transactions were frequently triangular; the surplus agricultural product was shipped to one country, where a convertible currency was obtained for its sale, which was used to purchase material for the U.S. stockpile in a third country. In April 1957 the U.S. Department of Agriculture suspended operations under the programme, pending an examination of its effects on the market abroad for U.S. agricultural products. New regulations were issued in May 1957 designed to assure that each barter contract results in a net increase in exports of the commodity involved. Traders must undertake that agricultural commodities shipped under barter contracts will not be trans-shipped from approved destinations. They must specify the agricultural commodities involved in the transaction. Contractors must now pay interest where agricultural commodities are delivered in advance of the delivery of materials to the CCC (formerly no interest was charged). The result of the tightening of regulations has been a drastic curtailment of barter activities; for the first half of the 1957-58 fiscal year contracts were signed to the value of only $3 million.

The Barter Controversy

Canada's strongest objections to U.S. disposal methods have been directed at the barter programme. In the United States opinion concerning its effectiveness is divided. The programme is popular with Congress and naturally strongly supported by traders. It is opposed by the administration. The main reason which the U.S. Department of Agriculture has given for the tightening of the regulations is that barter transactions were interfering with cash sales. Another, and apparently lesser, consideration was the failure of Congress to reimburse the CCC for the money which it had tied up in materials acquired for the stockpile. This was a factor in causing the CCC to approach the limit of its borrowing powers.

The suggestion has been made that the barter programme was curtailed because of Canadian representations. This statement has appeared in print, but I am unable to find any confirmation from official sources that this was a factor, although there are some admissions of sympathy for the Canadian position. Walter C. Berger, Administrator of the Commodity Stabilization Service, testifying before the Senate Committee on Agriculture and Forestry in July 1957, said that he felt the wheat barter programme had been very unfair as far as Canada was concerned; he mentioned also Canada's concern over wheat exports under Title I of P.L. 480.

The Present Position

Last year's heavy exports in the United States reduced the June 30, 1957, carryover 125 million bushels below the previous year's figure but the carryover at the end of the crop year in Canada was 143 million bushels higher last year than a year earlier. Exports in the current crop year have shown an encouraging recovery in Canada but a big decline in the United States. From August 1, 1957, to April 30, 1958, they totalled 219 million for this country, compared with 191 million in the same period of 1956-57. United States exports at the same time have dropped to 290 million bushels from 410 million bushels.

In terms of crop outlook the situation is less encouraging. The United States Department of Agriculture has forecast a 34 per cent increase from last year in the wheat crop. The estimate of 1,271 million bushels includes a winter wheat forecast of 1,069 million bushels, which is a record for this type of wheat. Canadian crop prospects are not good, due to lack of rain during the growing period. In the circumstances, it is realistic to expect that there will be added pressure in the United States to push the disposal of surplus wheat. A further appropriation will be necessary before new agreements can be written under Title I, since the present authority expired on June 30, 1958. Legislation for this purpose is now before Congress. Some of the bills have also contained special barter provisions; it remains to be seen whether any barter proposal becomes law. Even if it does not, it should be borne in mind that the present barter legislation has no terminal date and that there is pressure to remove the present administrative restraints.

---

172. DEA/24-40

L'ambassade aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Embassy in United States
to Under-Secretary of State for External Affairs

LETTER NO. 1281 Washington, August 27, 1958

CONFIDENTIAL

EXTENSION AND AMENDMENT OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954 (PUBLIC LAW 480)

1. Two copies of the Conference Report, relating to the extension of Public Law 480, are attached, hereto.† This Conference Report was accepted by the Senate and House of Representatives and is now before the President for signature.[251] As it contains almost all the provisions desired by the Administration, it, undoubtedly, will be signed by the President.

2. Provision is made for an eighteen-month extension of the Act for the period July 1, 1958 to December 31, 1959. The report calls for appropriations to reimburse the Commodity Credit Corporation for sales of agricultural commodities for local currencies of $2,250,000,000.

3. An amendment of importance to Canada has been made in Section 101, paragraph (a) of Title I of the Act, which relates to agreements for the sale of United States agricultural commodities for local currencies. The previous wording required that, when the President negotiated agreements, he must "take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities;". The amendment contained in the Conference Report strikes out the semicolon at the end of paragraph (a) and adds the phrase "or normal

---

[251] Le président Eisenhower a signé ce projet de loi le 29 août 1958.
President Eisenhower signed this bill on August 29, 1958.

patterns of commercial trade with friendly countries;". In the past, many agreements made under this authority contained a requirement that the importing country must purchase from the United States on a commercial basis a certain quantity of the agricultural commodity, or commodities, listed in the agreement. In some of the agreements, the purchase of the commercial quantity, or quantities, was on a global basis which permitted Canada to compete with the United States and other countries for the commercial quantity. As interpreted by the Foreign Agricultural Service of the U.S. Department of Agriculture, the amendment now provides that, if a country other than the United States (such as Canada) has in the past made commercial sales to the importing country with which the agreement is made, the "tied-in" commercial purchase will only be on a global basis. Therefore, it would appear that, if the interpretation of the amendment is correct, Canada will be given the opportunity to compete for any "tied-in" commercial purchases of wheat in Title I of Public Law 480 agreements if, in the past, the importing country bought wheat from Canada.

4. The other amendment to the Act of special interest to Canada relates to the barter of agricultural commodities (Title III, Section 303). While the full implications of this amendment are not yet clear, officials of the Foreign Agricultural Service of USDA are of the opinion that existing regulations relating to barter remain unchanged. The amendment, it is believed, endorses the barter rules now in effect. In other words, taking wheat as an example, no United States wheat can be made available under a barter contract to countries such as the United Kingdom, the Netherlands, Belgium, West Germany, or any other country which now has the ability to buy wheat for dollars. The concept of "additionality," which was contained in the announcement of barter rules on May 28, 1957, is still in effect. Moreover, the requirement in the announcement of May 1957 that barter contractors must pay interest on the value of the Commodity Credit Corporation wheat (or other commodity) until the wheat is fully paid for remains unchanged.

5. The new amendment to the barter provision of the Act further requires that, in carrying out barter transactions, the Secretary of Agriculture shall take reasonable precautions to safeguard usual marketings of the United States and be assured that barters "will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars." An interpretation of this provision by officials of the U.S. Department of Agriculture (although the General Counsel of this Department has not yet given his opinion) is that commercial sales by countries other than the United States must be considered when barter contracts are being made.

6. Another provision in the barter section of the amended Act reads, "The Secretary shall endeavour to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party." As the United States and Canada are both parties to the International Wheat Agreement, this provision would appear to further safeguard Canada's commercial sales of wheat when barter transactions are being negotiated.

7. It will be observed that the amended Act gives authority for new uses for local currencies arising from the sale of surplus commodities under Title I agreements, such as the financing, under the direction of the Librarian of Congress, of the analysis and evaluation of foreign books, periodicals, etc., to determine if they provide information of a technical or scientific significance to the United States and for the acquisition of such books and periodicals. The amended Act also provides for assistance in the expansion or operation in foreign countries of established schools, colleges or universities, founded or sponsored by citizens of the United States.

8. No additional funds are provided in the amendments to the Act for Title II, which relates to grants of agricultural commodities for famine or other emergencies.

W.C. HOPPER

---

173. DEA/24-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2725 Washington, November 6, 1958

CONFIDENTIAL. OPIMMEDIATE.

Repeat T&C (Warren and Paterson), Finance (Reisman), Agriculture (Taggart) (Information).

CHANGES IN USA AGRICULTURAL BARTER PROGRAMME

We are reproducing below the virtually final text of an announcement on this subject which State Department officials gave to us confidentially this morning and which the USAD expects to issue tomorrow afternoon. We told the State Department officials (Carr, the Director of the Office of International Resources, and Mellen, the Chief of the Commodities Division) that this announcement would undoubtedly be very badly received in Canada, despite the private protestations of these officials that the changes would have limited practical effect and would not repeat not by any means restore the volume of barter transactions to the figure which prevailed before mid-1957. We suggested certain drafting changes in the first two paragraphs, but left the State Department officials in no repeat no doubt that, even if these modifications in the announcement could be made (which they thought unlikely), the proposed changes in barter policies and procedures would be severely criticized in Canada.

2. The following is the text of the proposed announcement, Begins: Administratively Confidential

USA Department of Agriculture
Washington, November /58
Changes in barter program announced:

The USDA today announced some major changes in the barter program through which surplus commodity credit corporation-owned farm products are exchanged for strategic and other materials produced abroad. The changes will be effective immediately with respect to new barter offers. Provisions of previous programs will continue to apply to existing barter commitments only. The department also listed the materials that would be acceptable in exchange for surplus farm products.

Under the modified program, which implements new barter legislation enacted by the 85th Congress, barter contractors will no longer be required to obtain "certificates of additionality" — that is, written statements by responsible officials of importing countries that the commodities to be imported will be a net addition to USA exports to the recipient countries. The modified barter program includes measures to assure protection of the national interests of the USA, to safeguard USA usual marketings and to prevent undue disruption of world prices or replacement of cash sales for dollars.

To expedite barter transactions, three classifications of acceptable barter outlets for agricultural commodities have been set up. These classifications, which are based on an analysis of current economic and financial conditions and historical dollar marketings of USA agricultural commodities abroad, are designated "A", "B", and "C". Each designation involves a combination of an importing country and a specific agricultural commodity or group of commodities. An "A" designation indicates a higher potential as a dollar market than a "B" designation, and a "B" higher than a "C".

A country may be designated "A" for one commodity and "B" or "C" for another. For example, wheat, cotton, and tobacco transactions involving Portugal fall into the "A" category, whereas rice and feed grain barter arrangements are in the "B" classification. Any country not specifically listed will be classified as "C" for all commodities.

A complete list of the commodity-country designations, which will be revised from time to time as necessary, may be obtained from the Barter and Stockpiling Division, Room 3725 South Agriculture Bldg., Commodity Stabilization Service, Washington 25, DC.

Barter contracts involving either an "A" or a "B" commodity-country designation may be either "bilateral" or "multilateral," but not "open end." A "bilateral" contract is one under which the agricultural commodity moves to the same country from which the material comes. Under a "multilateral" contract the material may come from a country other than the one to which the agricultural commodity moves but the importation of the material must be tied directly to the agricultural export through auxiliary transactions involving named third contractor will be required to specify in advance all countries which will be involved and the commodities which will move to or from each country.

Also, for any "multilateral" or "bilateral" contract involving an "A" designation, the department will satisfy itself, on the basis of data which may be presented by the contractor or developed by the department, that usual USA marketings will be safeguarded and that undue disruption of world market prices and replacement of cash sales for dollars will be prevented. In a "bilateral" or "multilateral" contract involving a "B" commodity-country designation, no data in addition to specifying the countries and commodities involved in the transaction will be required.

Barter contracts involving only "C" commodity-country designations may be "open end" — that is, the commodity to be exported and the country of destination need not be named in advance, and the material to be imported may be from any source country in the free world.

The following agricultural commodities are currently eligible for barter: cotton, tobacco, rice (limited quantities), wheat, corn, oats, barley, sorghum grain, butter, and nonfat dry milk. This list is subject to change from time to time.

A list of the foreign-produced materials which have been designated by the President as acceptable under barter contracts is attached.† Reasonable limitations may be placed on the acquisition of any of these materials. It is anticipated that additions and changes will be made in this list from time to time.

CCC's ability to conclude barter arrangements depends at any one time upon such factors as USA national interest, existing commitments, requirements, and market conditions. Therefore, the fact that a material can be considered by CCC does not necessarily mean that it will be accepted. Likewise, "bilateral" and "multilateral" barter transactions, as outlined above, will be preferred to "open end" transactions.

Foreign-produced materials acquired under barter may be processed in the USA under "bilateral" or "multilateral" type barter transactions when

(1) in the case of a "bilateral" transaction an exchange value of the agricultural commodity approximately equal to the exchange value of the processed materials being acquired will be exported to the source country of the raw material involved, or

(2) in the case of a "multilateral" transaction, when an exchange value of the agricultural commodity approximately equal to the exchange value of the processed materials being acquired will be exported to an eligible country or countries specifically participating in the "multilateral" transaction.

Other general barter requirements are applicable to the modified barter program. These include, among others, customary barter contract provisions concerning the posting of letters of credit for commodities received in advance of materials deliveries, payment of at least 50 percent of the materials involved on privately-owned USA flag vessels. Ends.

---

174. DEA/24-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2732 Washington, November 6, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 2725 Nov 6.

Repeat T and C (Warren and Paterson), Finance (Reisman), Agriculture (Taggart) (OpImmediate) (Information).

CHANGES IN USA AGRICULTURAL BARTER PROGRAMME

In view of the possible effects which the popular interpretation of this proposed announcement (regardless of its commercial consequences) might have on USA-Canadian relations, we have expressed our concern orally to Willoughby, the Director of the State Department's Office of British Commonwealth and Northern European Affairs. In our conversation with Willoughby we referred to the following passage in the House-Senate Conference report on the latest version of PL480 and said we had difficulty in squaring this language (and the terms of the communiqué following the last meeting of the USA-Canadian Joint Committee[252] with the proposed announcement:

"The (House-Senate) conferees are also aware of the problem having to do with the exporting of wheat from Canada and other friendly nations. Accordingly, it has directed the Secretary to endeavour to cooperate with these countries with respect to commodities governed by formal, multilateral international marketing agreements to which the USA is a party. As a practical thing, the international wheat agreements are the only ones affected by this language and even though it might temporarily reduce by some 40 percent the ability of the USA to dispose of wheat through barter, it was the sense of the conferees that mutually agreeable plans should be worked out with Canada and other signatories of appropriate agreements."

2. We have also drawn the proposed announcement to the attention of Leddy, Special Assistant to Mr. Dillon, the Under Secretary of State for Economic Affairs. We suggested

---

[252] Voir/See Document 138, note 214.

that both he and Mr. Dillon might be interested and might wish to try even at this stage to do something about the announcement, especially since both of them had remarked to us only a few days ago, with some satisfaction, that barter deals were no longer having significant consequences for Canada's wheat exports. Leddy undertook to bring the announcement to Dillon's notice. We thought it worth while involving Leddy even though Carr had told us this morning that Dillon was aware of the plans of the USDA and had sent his comments on an earlier draft to the Secretary of Agriculture at that time without avail.

[A.E.] RITCHIE

---

175. DEA/24-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2752 Washington, November 7, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tels 2725 & 2732 Nov 6.

Repeat T&C Ottawa (Warren and Paterson), Finance (Reisman), Agriculture (Taggart) (OpImmediate) (Information).

CHANGES IN USA AGRICULTURAL BARTER PROGRAMME

State Department officials have been continuing their discussions with officials in the Department of Agriculture intensively today as a result of the views which we expressed yesterday. They have now secured the agreement of the Department of Agriculture to the two following drafting changes which we think represent some improvement at least presentationally:

(a) The deletion of the word "major" from the first sentence in the first paragraph;

(b) The revision of the opening part of the last sentence in the second paragraph to read: "The modified barter program includes, however, other measures to assure protection, etc., etc." This change removes the original impression that certificates of additionality were being dispensed with and nothing was being put in their place.

2. State Department officials also pressed the Department of Agriculture to insert some language in the second paragraph, similar to the provision in the new legislation regarding cooperation with countries participating in an international arrangement relating to the particular commodity involved. Officials in the Department of Agriculture insisted that the language in the new act was unclear and that they did not repeat not wish to include words in the announcement which implied that all participating countries (regardless of their location and of the degree of their interest) in relevant commodity agreements would be consulted on every barter proposition which might come up for consideration. They argued that this was impracticable, especially since only a fraction of the barter proposals made to them by enterprising traders would ever come to anything. They felt that the introduction of the language suggested by State Department would be misleading and could lead to accusations of bad faith later on. They asserted that they were fully aware of their obligation to consult major suppliers on any important transactions.

3. The State Department officials were convinced by the arguments put forward by their colleagues in the Department of Agriculture. They concluded that it was more important to have the administrators of the program acknowledge privately their obligation to cooperate than it was to have language in the public document which those officials regarded as meaningless and did not repeat not take seriously. The State Department officials recognized that even language which might not be too meaningful could have some value in the public explanation of the announcement in Canada. They thought this purpose could be achieved, however, simply by including a reference to the terms of the legislation in any comment which might be made by Canadian ministers or officials. It would be quite appropriate for such Canadian spokesmen to state their confident expectation that the new regulations would be administered in a manner consistent with the applicable USA law which includes a recognition of the interests of other members of international commodity arrangements (e.g. the Wheat Agreement).

4. State Department officials have put various other suggestions to the Department of Agriculture aimed primarily at making the procedures for new barter deals more complex and less likely to be used unnecessarily. In particular, they have endeavoured successfully to make it more difficult for barter transactions to take place if the foreign-produced material offered in return has not repeat not been processed in the country offering it. They did not repeat not inform us in detail of the changes made on these and other administrative points but assured us that these changes were all likely to hold down the volume of barter transactions.

5. Concerning the timing of the proposed announcement, officials in the State Department expect that it will be made either this afternoon or on Saturday.

[A.E.] RITCHIE

---

176. DEA/24-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs
to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 13, 1958

UNITED STATES BARTER DEALS

Yesterday evening, after I had gone home, I had a telephone call from Mr. Willis Armstrong of the United States Embassy. He said that he had had a number of telephone conversations during the day with the State Department and as a result of the soundings he had made, wanted to offer a few suggestions which he hoped might be useful in the conversation which he understood Mr. Harkness was to have with Mr. Benson this morning.[253]

2. Consideration in Washington of the proposed announcement about barter transactions was at such an advanced stage that he doubted whether there was much hope of having it

---

[253] Aucun compte rendu de la conversation entre Benson et Harkness n'a pu être trouvé.
No record of the Benson-Harkness conversation can be located.

substantially amended.[254] However, he had formed the impression that the Department of Agriculture might be persuaded to insert a reference to that section of P.L. 480 which instructs the Administration to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing arrangements to which the United States is a party. Mr. Armstrong also wished to pass on the impression he had formed about the views of the United States Department of Agriculture on consultation. They would be very reluctant, he predicted, to agree to consult with us about all barter transactions since frequently these have to be approved almost in a matter of minutes. On the other hand, it should be possible, he thought, for us to obtain assurances that there would be consultation with us on the total amount of wheat to be exported in any given period under barter arrangements, under the Mutual Security Act and under P.L. 480.

3. This morning I spoke to the Minister of Agriculture over the telephone and passed on Mr. Armstrong's two suggestions. Mr. Harkness said that he was glad to hear that the United States Department of Agriculture might be willing to mention in the announcement the provision in P.L. 480 that refers by implication to the International Wheat Agreement. He said that he would bear this possibility very much in mind in his conversation with Mr. Benson. The other suggestion he found less attractive. He contended that it was of little importance to Canada how much wheat was sold by the United States to countries in which we could not hope to have any significant commercial market. Consequently he thought it would be virtually meaningless from our point of view to be consulted about the total amount of wheat that the United States proposed to export in any given period under barter arrangements, under the Mutual Security Act and under P.L. 480.

4. Mr. Harkness told me that if he did not hear from Mr. Benson by the early afternoon, he proposed to take the initiative and put through a call to Washington.

D.V. LEP[AN]

---

177. DEA/24-40

Note de la 1ère Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Economic (1) Division
to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 17, 1958

UNITED STATES PUBLIC LAW 480 BARTER PROGRAMME

I attach the fourth draft of the proposed note to the United States Government which was revised at an interdepartmental meeting held in the Department of Trade and Commerce this afternoon. It will be considered by Cabinet tomorrow morning at ten o'clock, and will be introduced by Mr. Churchill.

---

[254] Le département de l'Agriculture des États-Unis a émis l'annonce de troc le 14 novembre 1958 par l'entremise du communiqué de presse du département de l'Agriculture des États-Unis 3182-58. Le Canada a reçu une cote A pour le blé, les céréales fourragères, le coton, le tabac et le riz et une cote C pour le beurre et le lait non dénué de matières grasses.

The United States Department of Agriculture issued the barter announcement on November 14, 1958 through USDA Press Release 3182-58. Canada received an A designation for wheat, feed grains, cotton, tobacco, and rice, and a C designation for butter and non-fat dry milk.

2. Most of the discussion this afternoon centered around our proposals to introduce into the draft note the ideas put forward by Mr. Ritchie in his telegram 2809 of November 15 (copy attached).† In the end, we were unable to obtain agreement on anything more than the last sentence of the first paragraph which was added to the third draft prepared by the Department of Trade and Commerce this morning. Unfortunately, it does not go as far as we had hoped.

DOROTHY BURWASH

[PIÈCE JOINTE/ENCLOSURE]

Projet de note pour le Gouvernement des États-Unis

Draft Note to United States Government

CONFIDENTIAL Ottawa, November 17, 1958

CHANGES IN UNITED STATES P.L. 480 BARTER PROGRAMME

The Chargé d'Affaires of Canada presents his compliments to the Secretary of State and has the honour to refer to the November 14th announcement of the United States Department of Agriculture of a number of changes in the programme under which certain surplus agricultural commodities owned by the Commodity Credit Corporation may be bartered for strategic and other materials produced abroad. While the Canadian Government favours the constructive use of agricultural surpluses in the form of aid to needy less-developed countries, barter arrangements which interfere with normal trade are a matter for serious concern.

The list of surplus commodities which may be exchanged under the barter programme includes a number of products in which Canada has a substantial export interest. The most important of them is wheat.

On a number of occasions in the past the Canadian Government has drawn to the attention of the United States Government the damaging effects which barter transactions of the kind authorized under the Agricultural Trade Development and Assistance Act have had on normal commercial marketings of Canadian wheat. In 1957 changes were made in the barter programme which went some distance to safeguard ordinary commercial marketings. The Canadian Government has attached importance to the way in which the barter programme has recently been operated and the assurances given in this regard at the October 1957 meeting of the Joint United States-Canada Committee on Trade and Economic Affairs. These assurances were contained in a communiqué of that meeting, the relevant part of which was as follows:

> "The U.S.A. members affirm to the Canadian ministers their intention in all surplus disposal activities to avoid, in so far as possible, interfering with normal commercial marketings. They gave assurance that under the present revised commodity credit corporation barter programme each barter contract must result in a net increase in exports of the agricultural commodity involved, and that interest must be paid until the strategic materials are delivered or payment is otherwise effected for the agricultural commodities."

The Canadian Government would be seriously concerned if the changes now announced in the Public Law 480 barter programme foreshadowed any expansion of surplus disposals of wheat and other products through barter transactions which interfered or threatened to interfere with normal commercial marketings, and in this connection has noted that United States barter contractors will no longer be required to obtain "certificates of additionality" from recipient countries. It is understood, however, that as regards the new category A countries the modified programme includes "other measures to assure protection of the national interests of the United States, to safeguard United States usual marketings and to prevent undue disruption of world prices or replacement of cash sales for dollars." Observance of these safeguards is to be the responsibility of the United States Department of Agriculture. It is noted, moreover, that a number of countries which were formerly in Category 2 requiring certificates of additionality have now been placed in Category B where the safeguards provided in respect of Category A countries need not be observed. Many of these countries, for example the Philippines, Ireland, Austria and a number of Latin American countries are important commercial markets for Canadian wheat. Any impairment of such markets would be a matter of serious concern. It may be that transactions involving Category C countries would also be prejudicial to normal Canadian marketings.

The Canadian Government hopes that the changes which have been made in the programme will not have the effect of increasing surplus disposal of agricultural products through barter transactions at the expense of the ordinary commercial marketings of traditional wheat exporters, and that in considering applications for the approval of barter transactions the assurances given to Canadian Ministers will continue to be observed.

The Canadian Government has noted that no reference was made in the United States Department of Agriculture announcement to the obligation laid on the Secretary of Agriculture under Section 303 of Public Law 480 as revised by the 85th Congress to endeavour to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing arrangements to which the United States is a party. Canada and the United States are both members of the International Wheat Agreement and the Canadian Government would expect that this obligation will not be overlooked.

The Canadian Government also attaches importance to the instruction given to the Secretary of Agriculture in President Eisenhower's letter of November 11 that the practice of approving only those barter transactions that will expand total exports of surplus agricultural commodities without disrupting world markets should be continued.

The Canadian Government would welcome assurances that United States authorities would be prepared to consult with the Canadian authorities about proposed barter transactions which might be of concern to Canada.

As is well known to the United States Government, the maintenance of normal commercial outlets for Canadian wheat and other agricultural products is of vital importance to the Canadian economy. In the ordinary course of trade, Canada is also an important supplier to the United States of the strategic and other materials eligible for exchange under the United States barter programme. Both as regards the export of surplus commodities and the import of eligible materials for stock piling in exchange, the barter programme holds the threat of damage to Canadian trade interests. The Canadian Government expresses the hope that in operating the revised barter programme regard will be had not only to the safeguards contained in the legislation and in the President's letter to the Secretary of Agriculture, but also to the assurances given to Canadian Ministers about the barter programme and the relevance of transactions of this kind to the maintenance of satisfactory trade relations between our two countries.

The Canadian Government will be giving further consideration to the revised barter programme and will be following closely its actual operation.

178. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], November 18, 1958

Present:

The Minister of Public Works
  and Acting Prime Minister (Mr. Green) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice
  and Acting Secretary of State for External Affairs, for afternoon meeting only (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio
  and Acting Secretary of State for External Affairs, for morning meeting only (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

U.S. WHEAT DISPOSAL BARTER PROGRAMME; DRAFT NOTE (PREVIOUS REFERENCE NOV. 12)†

9. *The Acting Prime Minister* referred to the press release of the U.S. Department of Agriculture which had been issued the preceding Friday concerning changes in the U.S. barter programme, and read a draft note which it was proposed that the Canadian government forward to the U.S. government concerning changes in the programme. He asked Cabinet to comment on the note.

10. *During the discussion* the following points were brought out:

(a) There was general agreement with the note but it was pointed out that there was no information as to the new "A.B. and C." country categories and that this list should be made available before the draft note was approved.

(b) The question was asked whether the President of the United States was compelled to take the proposed U.S. action. Mr. Benson, the U.S. Secretary of Agriculture, had answered affirmatively to this question. The decision was not within the discretion of the U.S. administration, otherwise the administration could be accused of disregarding the assurances which it had given to the government last year. Those closely concerned with this problem at the Canadian Embassy in Washington were of the feeling that there had been closer co-operation with the U.S. authorities on such problems during the last twelve months than in the past and felt that there was no cause for fear. The administration had to announce a change in policy to meet the changes congress had made in the law, but it was alive to Canadian interests. The Embassy urged an attitude of "wait and see" and felt that there was nothing else to be done under the circumstances.

(c) The last sentence of the note ought to be deleted.

There should be no press release concerning this note until such time as the U.S. had been given an opportunity to study it and had been informed of the Canadian government's intention to release it. This procedure would commend itself should the U.S. wish to modify its policy meanwhile.

11. *The Cabinet* agreed,

(a) that the draft note on the U.S. wheat disposal barter programme be sent to the United States subject to review in the light of the "A.B.C." country classification, and with the last paragraph deleted;

(b) that there be no press release concerning this matter until the U.S. had been given an opportunity to study the note; and,

(c) that the Department of External Affairs prepare a press release.

. . .

---

179. DEA/50316-4-40

Le ministre de l'Agriculture
au secrétaire d'État aux Affaires extérieures

Minister of Agriculture
to Secretary of State for External Affairs

SECRET Ottawa, November 20, 1958

My dear Colleague,

I have just had a visit from Mr. Willis C. Armstrong, Counsellor, U.S. Embassy Ottawa, in connection with the barter announcement made by the U.S. Department of Agriculture last week.

The purpose of Mr. Armstrong's call was to explain to me why nothing was said in the barter release about transactions, which might be harmful to Canada, being referred to the U.S. State Department for review and final decision. He stated that, if this had been announced, there would likely be a strong move in Congress to change Public Law 480 so that this type of review could not take place. In other words, to exclude the State Department from having any veto over a barter deal. Mr. Armstrong further stated that, in the opinion of the U.S. State and Agriculture Departments, any publicity in connection with the procedure they are going to follow would result in a weakening of the effectiveness of the procedure and perhaps would make it inoperative. He assured me that what Mr. Benson had told me on the telephone in connection with barter deals would be put into effect. That is, any deals which appear to have harmful effects will be referred by Agriculture to the State Department; that if the State Department has no objection to the deal, they will say so by telephone. If they have objection, they will write a letter setting forth the way in which injury would be caused to us by the proposed barter deal, and requesting that it not be proceeded with. It has been agreed between the two Departments that such a letter will be taken as a definite veto and the deal will be dropped.

Mr. Armstrong has requested me to ensure that no publicity whatever is given to the procedure which will be followed, that the information be kept to as few people as possible, and that we do not disclose the fact that we have been told this.

Yours sincerely,

DOUGLAS S. HARKNESS

---

180. DEA/24-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2872 Washington, November 24, 1958

CONFIDENTIAL. PRIORITY.

Reference: Your Tel E-2151 Nov 20.†

CANADIAN NOTE 756 NOVEMBER 24 ON CHANGES IN USA BARTER PROGRAMME

We presented a Note on this subject this afternoon to Mr. Thomas Beale, the Deputy Assistant Secretary of State for Economic Affairs. The discussion on it added very little that was new. We indicated to Beale that there was no repeat no plan to publish the Note at this time and that we would let the State Department know if publication became necessary or desirable. The following is the text of the Note as submitted (incorporating the changes given to us by Mr. LePan over the phone), Text Begins:

The Chargé d'Affaires a.i. of Canada presents his compliments to the Secretary of State and has the honour to refer to the November 14 announcement of the USDA of a number of changes in the programme under which certain surplus agricultural commodities owned by the Commodity Credit Corporation may be bartered for strategic and other materials produced abroad. While the Canadian government favours the constructive use of agricultural surpluses in the form of aid to needy less-developed countries, barter arrangements which interfere with normal trade are a matter for serious concern.

The list of surplus commodities which may be exchanged under the barter programme includes a number of products in which Canada has a substantial export interest. The most important of these is wheat.

On a number of occasions in the past the Canadian Government has drawn to the attention of the USA government the damaging effects which barter transactions of the kind authorized under the Agricultural Trade Development and Assistance Act have had on normal commercial marketings of Canadian wheat. In 1957 changes were made in the barter programme which went some distance to safeguard ordinary commercial marketings. The Canadian Government has attached importance to the way in which the barter programme has recently been operated and the assurances given in this regard at the October 1957 meeting of the Joint USA-Canada Committee on Trade and Economic Affairs. These assurances were contained in a communiqué of that meeting, the relevant part of which was as follows:

"The USA members affirm to the Canadian ministers their intention in all surplus disposal activities to avoid, insofar as possible, interfering with normal commercial marketings. They gave assurance that under the present revised Commodity Credit Corporation barter programme each barter contract must result in a net increase in exports of the agricultural commodity involved, and that interest must be paid until the strategic materials are delivered or payment is otherwise effected for the agricultural commodities."

The Canadian Government would be seriously concerned if the changes now announced in the PL 480 barter programme foreshadowed any expansion of surplus disposals of wheat and other products through barter transactions which interfered or threatened to interfere with normal commercial marketings, and in this connection has noted that USA barter contractors will no repeat no longer be required to obtain "certificates of additionality" from recipient countries. It is understood, however, that as regards the new category A countries the modified programme includes "other measures to assure protection of the national interests of the USA, to safeguard USA usual marketings and to prevent undue disruption of world prices or replacement of cash sales for dollars." Observance of these safeguards is to be the responsibility of the USDA. It is noted, moreover, that a number of countries which were formerly in category 2 requiring certificates of additionality have now been placed in category B where the safeguards provided in respect of category A countries need not be observed. Many of these countries, for example the Philippines, Ireland, Austria and a number of Latin American countries are important commercial markets for Canadian wheat and flour. It may be that transactions involving category C countries would also be prejudicial to normal Canadian marketings.

The Canadian Government has noted with concern that butter and non-fat dry milk have been placed in C category for all countries. This would seem to indicate that the USA government wishes to encourage as much barter as possible in these products. The Canadian Government trusts that the USA authorities will bear in mind that Canada also holds stocks of butter and skimmed milk which are available for export.

The Canadian Government hopes that the changes which have been made in the programme will not repeat not have the effect of increasing surplus disposal of agricultural products through barter transactions at the expense of the ordinary commercial marketings of traditional exporters, and that in considering applications for the approval of barter transactions the assurances given to Canadian ministers will continue to be observed.

The Canadian Government has noted that no repeat no reference was made in the USDA announcement to the obligation laid on the Secretary of Agriculture under Section 303 of PL 480 as revised by the 85th Congress to endeavour to cooperate with respect to commodities covered by formal multilateral international marketing arrangements to which the USA is a party. Canada and the USA are both members of the International Wheat Agreement and the Canadian Government would expect that this obligation will not repeat not be overlooked.

The Canadian Government also attaches importance to the instruction given to the Secretary of Agriculture in President Eisenhower's letter November 11 that the practice of approving only those barter transactions that will expand total exports of surplus agricultural commodities without disrupting world markets should be continued.

The Canadian Government would welcome assurances that the USA authorities would be prepared to consult with the Canadian authorities about proposed barter transactions which might be of concern to Canada.

As is well known to the USA Government, the maintenance of normal commercial outlets for Canadian wheat and other agricultural products is of vital importance to the Canadian economy. In the ordinary course of trade, Canada is also an important supplier to the USA of the strategic and other materials eligible for exchange under the USA barter programme. Both as regards the export of surplus commodities and the import of eligible materials for stock piling in exchange, the barter programme holds the threat of damage to Canadian trade interests. The Canadian Government expressed the hope that in operating the revised barter programme regard will be had not repeat not only to the safeguards contained in the legislation and in the President's letter to the Secretary of Agriculture, but also to the assurances given to Canadian ministers about the barter programme and the relevance of transactions of this kind to the maintenance of satisfactory trade relations between our two countries.

The Canadian Government will be giving further consideration to the revised barter programme and will be following closely its actual operation. Text Ends.

---

181. DEA/24-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 3150 Washington, December 31, 1958

CONFIDENTIAL. OPIMMEDIATE.

USA BARTER PROGRAMME

Following is the reply from the State Department to Note handed to the State Department on November 24, 1958: Begins:

The Acting Secretary of State presents his compliments to the Chargé d'Affaires ad interim of Canada and acknowledges the receipt of his Note dated November 24, 1958, concerning the revised USA barter program, particularly the paragraph in which was mentioned the recent legislation directing the Secretary of Agriculture to endeavour to cooperate with other exporting countries with respect to commodities covered by formal multilateral international marketing agreements to which the USA is a party.

Because of the large number of barter proposals made (many of which do not materialize) and because of the private nature of barter transactions, the USA government does not believe that prior consultation on individual proposals is practicable. It is, however, very much aware of Canada's interest in the barter program, and every barter proposal involving the export of wheat to a country in the "A" or "B" categories is carefully examined by the Departments of State and Agriculture with this in mind.

In order that Canada may be kept fully informed of developments in the barter program and that due weight may be given to its interests and desires with respect thereto, the USA would like to make a number of specific proposals for the consideration of the Canadian Government.

The barter program is extremely complicated and, to the extent that wheat is involved, can be considered adequately only in the context of the whole question of wheat trade and policies and only by persons having intimate knowledge of wheat problems. It is suggested that the January 13-14 wheat meetings would provide an appropriate forum for an exhaustive examination of the operations of the barter program.

Since it is unlikely that problems pertaining to barter in particular or wheat in general can be settled satisfactorily and permanently at a single meeting, it is further proposed that the system of quarterly wheat meetings formerly in effect between the USA and Canada be reinstituted. In this way it would be possible to review and attempt to solve periodically any problems involving wheat, including those arising from the barter program. By giving the problems prompt attention, areas of disagreement between the two governments could be held to a minimum.

If the above suggestions meet with the approval of the Canadian Government, it is the intention of the USA to review thoroughly, both at the January 13-14 meetings and at subsequent wheat meetings, the barter transactions involving wheat approved during the immediately preceding quarter. This would give the Canadian Government ample opportunity to present its views and comments on the barter program in general and on specific transactions that had been approved. It would likewise give the USA Government the opportunity to take Canadian views into consideration in subsequent barter operations.

While not directly related to the barter question, the matter of subsidies on wheat and coarse grains is one which, for reasons similar to those applicable to barter, could also be appropriately discussed in the wheat meetings of January 13-14.

It would be greatly appreciated if the substance of this Note could be transmitted to the Canadian Government prior to the forthcoming meeting of the USA-Canada Joint Committee on Trade and Economic Affairs. Ends.

SECTION D

FRUITS ET LÉGUMES
FRUITS AND VEGETABLES

182. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], November 28, 1957

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
  and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice
  and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Leader of the Government in the Senate (Senator Haig).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

FRUITS AND VEGETABLES; TARIFF BOARD REPORT

40. *The Minister of Finance* summarized a report submitted by the Tariff Board on the fruit and vegetable items in the Customs Tariff.

The board proposed that the present system of tariff protection, designed to give producers protection during their marketing seasons, be continued. It recommended changes in several items, imports of which, in fresh form, amounted to about $20 million, and to $3 million for the processed product. The changes included increases in seasonal specific and other duties, extensions in the periods of application of seasonal duties and the dividing of application of such periods into two separate periods and combinations of these forms of protection. It was also proposed that additional duties be charged on some vegetables when imported in packaged form during the period of seasonal specific duty.

Duties on fruits and vegetables had been the subject of a long series of negotiations over the past thirty years, principally with the United States, during the course of which Canada received important reductions in many items in the U.S. tariff. The most important recent change occurred last April when, after prolonged negotiations with the U.S., Canada raised duties against imports of potatoes. Since it was not then possible to offer any acceptable compensation, the U.S. reduced the quantity of potatoes permitted entry at their special rate. The board now recommended the application of the present duty the year round. Action on this could be expected to result in further reduction or abolition of the amounts of potatoes the U.S. now permitted to enter under their special rate.[255] Implementation of the other recommendations would also involve increasing duties on other U.S. imports and, since there were no reductions in agricultural tariffs that Canada would wish to propose, the U.S. would probably raise their tariffs on agricultural and fisheries products imported from Canada. This would be almost certain to follow but for the fact that the U.S. was expected to raise its tariffs on lead and zinc. However, since agricultural agreements between the two countries had always been regarded as somewhat separate from other commercial arrangements the U.S. might nevertheless raise agricultural duties if these were to be raised by Canada.

The recommendations gave rise to a preference problem, particularly in regard to canned fruits and vegetables. In the absence of compensatory action, the suggested changes in the M.F.N. rates would involve a widening of the margin of preference between them and the preferential rates. He felt that, to avoid friction with the U.S. and to live up to Canada's obligations under the G.A.T.T., the present margins would have to be preserved. Some Commonwealth countries enjoyed special preferential rates on canned fruits. Undoubtedly, the U.S. would oppose any widening of the existing margins of preference on them and attempting to do so would add greatly to the difficulties of negotiating with the U.S. Reluctantly, therefore, he recommended consultations with the Commonwealth countries concerned with a view to increasing the special rates for canned fruits in line with the proposed increases in M.F.N. rates applicable to U.S. imports.

As regards to G.A.T.T., if it were decided to renegotiate as proposed, the necessary notification to the organization should be transmitted before the end of November, if possible. A G.A.T.T. waiver for the recommended increases seemed to be impracticable and not appropriate in present circumstances.

When this whole matter was being reviewed, the Canadian Horticultural Council had said that the most important need of the producer was for protection against "distress" or "clean-up" price imports, and that the problem might best be solved by a system of minimum fair market values. The Tariff Board had made no suggestion nor given any advice on this matter beyond saying it would be presumptuous of it to suggest what criteria should be applied in operating the relevant section of the Customs Act. Officials felt that a return to a system of fixed values would be highly repugnant to the U.S., although it might be possible, by the use of formulae, to minimize the arbitrary element. It had to be kept in mind, as well, that introducing into the tariff the element the Horticultural Council had in mind would lead other agricultural groups as well as industry to demand this form of protection. Even so, during negotiations it would be worth sounding out the attitude of U.S. authorities on it.

The Minister recommended that negotiations be opened with the objective of achieving the protection proposed by the Tariff Board and that the request for a system of values for duty be tentatively explored with the U.S. authorities.

(The explanatory memorandum had been circulated. Minister's memorandum, Nov. 27, 1957-Unnumbered).†

---

[255] Voir/See Volume 23, Document 218.

41. *During the discussion* the following points emerged:

(a) The less Canada became involved in tariff matters with the U.S. during the next few months the better. It was very important to keep in mind the fisheries, whose market in the U.S. was vital and, in respect of which, substantial concessions had been received in the past. President Eisenhower had said that anything Canada might do by way of raising tariffs constituted an invitation to a large bloc in Congress to increase U.S. restrictions on trade.

(b) The urgency of raising the matter now lay in the fact that, if Canada did not give notice of an intention to open up discussions later, special concessions would have to be sought subsequently in the G.A.T.T., which would be unnecessarily embarrassing.

42. *The Cabinet* deferred consideration of the proposals of the Minister of Finance to begin tariff negotiations in line with the recommendations of the Tariff Board's report on fruit and vegetables, to a subsequent meeting.

. . .

---

183. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 12, 1957

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Acting Minister of Defence Production (Mr. Green), (for morning meeting only)
The Minister of Finance (Mr. Fleming), (for morning meeting only)
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice
and Acting Minister of Citizenship and Immigration (Mr. Fulton), (for morning meeting only)
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Secretary of State for External Affairs (Mr. Smith), (for morning meeting only)
The Leader of the Government in the Senate (Senator Haig).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

TARIFF NEGOTIATIONS; FRUITS AND VEGETABLES
(PREVIOUS REFERENCE NOVEMBER 28)

9. *The Minister of Finance* pointed out that his recommendation to open negotiations for changes in the tariff on fruits and vegetables, as recommended by the Tariff Board, did not amount to committing the government now to raise the tariff rates as proposed in the report

of the board. However, if action along the lines he had suggested were not now taken, once the pressure for assistance from growers became much stronger early next summer, the government would be faced with the problem of seeking to re-negotiate these rates just a few months after it had agreed, by its silence, to the rebinding of the fruit and vegetable rates. This would be embarrassing and might lead to more compensation being sought than if the matter were opened for discussion at the present time. He stressed that the effect on Commonwealth countries of maintaining margins of preference would be negligible.

10. *During the discussion* the following points emerged:

(a) The course proposed was exactly the same as that now being followed for pipes and tubes, when no undue difficulties vis-à-vis the United States had arisen. If the Tariff Board recommendations were eventually put into effect, the cost-of-living index would only be increased fractionally, if at all. However, agriculture, particularly in eastern Canada, regarded the proposals as of great importance.

(b) The changes would give the government greater liberty to deal with excess imports during seasons of heavy production in Canada. They involved higher duties in some cases, lengthening of the periods during which they could be applied, or a combination of both. However, they did not deal with fixing values for duty. That was a different matter for separate consideration.

(c) It was not possible to determine at this stage what effect the proposed changes might have say, on fisheries products, until negotiations were started and the U.S. indicated the form of compensation it might seek for any concessions that would be withdrawn from them.

(d) Just giving notice now of Canada's intention to open negotiations might immediately bring a reaction in the U.S. and cause concern to exporters in Canada as to the security of their markets there. This would be exploited and could have political repercussions. The discussions, however, were held in confidence, though this could not be a guarantee against leaks.

11. *The Cabinet* approved the recommendations of the Minister of Finance and agreed,

(a) that Canada enter into tariff negotiations, under the provisions of the General Agreement on Tariffs and Trade, with the objective of achieving protection of the type proposed by the Tariff Board in its report on fruits and vegetables except that, in respect to canned fruits and vegetables, preference margins should be preserved, not increased;

(b) that, in the course of these negotiations, the request of the Horticultural Council for a system of values for duty be tentatively explored with United States authorities;

(c) that the Minister open the negotiations with the United States by an interview with the U.S. Ambassador to Canada, during the course of which he would remind the ambassador of the discussions which took place at the last meeting of the Canada-United States Committee on Trade and Economic Affairs on Canada's position in relation to trade with the United States; and,

(d) that, so far as possible, secrecy be maintained during these negotiations.

184. DEA/134-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], July 24, 1958

AMENDMENT TO SECTION 35 OF THE CUSTOMS ACT RELATING TO FRUITS AND VEGETABLES

We understand that the Minister of National Revenue intends to circulate to Cabinet within the next day or two a memorandum on this subject, which will recommend that Section 35 of the Customs Act be amended to provide minimum values for duty for all fruits and vegetables entering Canada. The minimum values would be based in each case on the average price paid over the last ten years. Such action was originally proposed by the Canadian Horticultural Council.

2. In considering this proposal in Cabinet, you should be aware:

(a) that it disregards negotiations that are already taking place with the United States; and

(b) that, in our opinion, it is contrary to our GATT obligations.

3. The negotiations with the United States to which I have referred are being conducted pursuant to a Cabinet decision of the 12th of December, 1957. That decision read as follows:

"The Cabinet approved the recommendations of the Minister of Finance and agreed:

(a) that Canada enter into tariff negotiations, under the provisions of the General Agreement on Tariffs and Trade, with the objective of achieving protection of the type proposed by the Tariff Board in its report on fruits and vegetables except that, in respect to canned fruits and vegetables, preference margins should be preserved, not increased;

(b) that, in the course of these negotiations, the request of the Horticultural Council for a system of values for duty be tentatively explored with United States authorities;

(c) that the Minister open the negotiations with the United States by an interview with the U.S. Ambassador to Canada, during the course of which he would remind the ambassador of the discussions which took place at the last meeting of the Canada-United States Committee on Trade and Economic Affairs on Canada's position in relation to trade with the United States; and,

(d) that, so far as possible, secrecy be maintained during these negotiations."

In accordance with these Cabinet decisions, negotiations have been opened with the United States authorities. In our opinion, they would have serious cause for complaint if the Canadian Government were to take unilateral action on this matter at a time when, as they have been informed, we wish to discuss with them to problem of establishing some system of values for duty of fruits and vegetables entering Canada.

4. On the second point, we feel sure that protests must be expected in the GATT if the policy recommended by the Canadian Horticultural Council is approved by the Government. It is also clear that such action would be very difficult to defend, since it would seem

to contravene both Articles 6 and 7 of the General Agreement, which deal with dumping and valuation for duty respectively.[256]

D.V. LEP[AN]
for Under-Secretary of State
for External Affairs

---

185. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 26, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming)
The Minister of Veterans Affairs (Mr. Brooks), (for noon meeting only)
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer), (for noon meeting only)
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan), (for noon meeting only)
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr), (for morning meeting only)
The Postmaster General (Mr. William Hamilton), (for morning meeting only)
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith), (for morning meeting only)
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton), (for morning meeting only)
The Secretary of State for External Affairs (Mr. Smith), (for morning meeting only)
The Secretary to the Cabinet (Mr. Bryce),
Mr. J.C. Morrison, Privy Council Office.

. . .

CUSTOMS ACT; VALUE FOR DUTY OF FRUITS AND VEGETABLES

12. *The Minister of National Revenue* said that he and other Ministers had received urgent representations from the Canadian Horticultural Council and other spokesmen for fruit and vegetable growers urging that a systematic method should be established for determining value for duty of fruits and vegetables entering Canada at prices that might cause damage to Canadian producers. It was felt that this could be done at the time that the other changes announced in the budget were being made in respect of valuation for duty under section 35 of the Customs Act. If something along the lines suggested were not done, there was a danger that in Parliament there would be serious controversy over the protection being

---

[256] Notes marginales :/Marginal notes:
Don F[leming] says that his officials take the same stand! 27/7/58 [Sidney Smith]
When this was dealt with I was not in the Cabinet — Donald Fleming was going to raise these points. [Sidney Smith]

afforded to the big interests engaged in manufacturing while no effective protection was being afforded to farmers who really needed it.

As a consequence, the Minister recommended that a further amendment should be made in the Customs Act to provide that the value for duty of imported fresh fruits and vegetables of a class or kind produced in Canada should be not less than the amount determined by the Minister to be the average price for the same or similar products entered at customs during the immediately preceding ten calendar years. This value would be applied in cases where, as a result of the advance of the season or of the marketing period, the market price in the country has declined to levels that did not reflect, in the opinion of the Minister, the normal price.

An explanatory memorandum had been circulated. (Minister's memorandum, July 22, 1958 — Cab. Doc. 210-58).†

13. *Mr. Nowlan* noted that there was a problem in regard to the effect of introducing this change at the time that negotiations were being undertaken with the United States on the tariffs on fruits and vegetables. There was also some question as to whether or not a provision in the law along these lines would be contrary to Canada's undertaking in the General Agreement on Tariffs and Trade. On the other hand, the trouble with the present act was that the government and the Minister could not move to impose special values until after the damage had been done to the Canadian market and the Canadian growers. As a consequence he was proposing the adoption of this formula along the lines suggested by the Horticultural Council.

14. *In the course of a long discussion, the following points were made*:

(a) There was a serious danger of action, such as that proposed, prejudicing the important negotiations with the United States over fruit and vegetable tariffs. To introduce this now without discussion with the United States would cause serious harm to Canada's relations with that country on trade matters.

(b) A provision in the law along these lines would be more important to fruit and vegetable growers than the tariff rates being discussed with the United States. It would therefore be desirable that a proposal like this should form the basis of negotiations rather than the tariff proposals now under discussion.

(c) A provision in the law along the lines suggested appeared to be definitely contrary to Canada's obligations under its trade agreements. There was an arguable case under the agreements for the new section including the cost of production as a basis for customs valuation, but there was almost no case on which this arbitrary system for fruits and vegetables could be defended.

(d) If this formula were applied by other countries in determining values for duty of Canadian exports to those countries, there was danger of serious interference with Canadian export trade.

(e) This proposal would have real value in assisting a part of agriculture which found the present protection and price support policies and practices of the government quite disappointing.

15. *The Cabinet* agreed that the Minister of Finance should consider the proposed formula for determining value for duty on fruits and vegetables in relation to the negotiations on fruits and vegetable tariffs being carried on with the United States under his direction, following which the matter would be considered further in Cabinet.

. . .

186. DEA/134-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 8, 1958

VALUATION OF FRUITS AND VEGETABLES UNDER THE REVISED CUSTOMS ACT

As you requested, I have discussed this matter with Mr. Plumptre of the Department of Finance and with Mr. George Paterson of the Department of Trade and Commerce, who is the Acting Deputy Minister in the absence both of Mr. English and of Mr. Isbister. All three of us agreed on what advice should be tendered to Ministers.

2. As I understand it, three possible courses of action were considered by Cabinet yesterday:

(a) to delete Section 40(7)(b);

(b) to include this section in the proposed revision of the Customs Act, but to make it subject to proclamation;

(c) to have a substitute section drafted which would permit the Government to introduce regulations (which would be unspecified) by order-in-council to set values for duty for fruits and vegetables in periods of difficulty.

3. Officials of this Department and of the Departments of Finance and Trade and Commerce are strongly of the opinion that the proper course is to delete the section from the new bill. Any other course would imperil the negotiations that have been opened with United States authorities on fruits and vegetables, and would be likely to lead to refusals against Canadian exports of potatoes and apples to the United States. The third possibility considered by Cabinet would perhaps be slightly preferable to the second. But it would be open to almost as serious objections. There has been no subject in the commercial relations between Canada and the United States that has given rise to more acrimony that the treatment to be accorded to movements of fruits and vegetables across the border. Experience has also shown that where arbitrary powers are made available to restrict imports moving in one direction or the other, such powers are inevitably used and used arbitrarily. This is as well known to the United States authorities as it is to us. In consequence, we could not expect to conclude successfully the negotiations with the United States that were contemplated by Cabinet in its decision of the 12th of December, 1957, and that have now been begun, either if the proposed section were to remain in the bill but to be made subject to proclamation, or if the Governor-in-Council were to be given power to promulgate unspecified regulations in periods of difficulty for some of our producers of fruits and vegetables.

4. Consideration should also be given, in our opinion, to the balance of advantage among our horticultural producers themselves. The annual value of our apple exports to the United States runs at about $4,500,000, while the value of our exports of potatoes to the United States varies between $6,000,000 and $10,000,000 from year to year. These exports would certainly be jeopardized if arbitrary powers to set the value for duty of imports of fruits and vegetables were to be taken by the Canadian Government.

5. I hardly need to remind you, I imagine, that both potatoes and apples are highly "political" commodities in Canada, since they provide so much of the income in some areas both

of the Maritimes and of British Columbia. More than a century ago, Sir Alan McNab said, "My politics now are railroads." My visit to Prince Edward Island with the Gordon Commission convinced me that politics in the Island are potatoes. And politics both in Nova Scotia and British Columbia, I think you would agree, are strongly influenced by the necessity of preventing the apple growers from becoming too disaffected.

6. I have, therefore, no hesitation in recommending that the clause should be deleted.

7. On the other hand, I realize that the recommendation of the Canadian Horticultural Council cannot be entirely disregarded, even though it reflects the interests merely of market garden producers in Ontario and, to a lesser extent, in British Columbia, to the neglect of the interests of our apple and potato growers. In these circumstances, it is the suggestion of officials that when the bill to amend the Customs Act is introduced in the House of Commons, a statement should be made to the effect that the Government has instructed those conducting the negotiations with the United States over fruits and vegetables to explore the possibility of adopting some such formula as that which has been proposed by the Canadian Horticultural Council. But we doubt very much whether it would be wise to go any further than that.

8. Your copies of the draft bill† and my memorandum to you on this subject of the 24th of July are attached.[257]

D.V. LEP[AN]

---

[257] Note marginale :/Marginal note:

Cabinet returned 7(b) as amended subject to proclamation. [Sidney Smith]

187. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], August 8, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Secretary of State (Mr. Courtemanche).
The Assistant Secretaries to the Cabinet (Mr. Fournier),
The Registrar of the Cabinet (Mr. Halliday),
Mr. M.W. Cunningham, Privy Council Office.

. . .

LEGISLATION; CUSTOMS ACT; VALUE FOR DUTY OF FRUITS AND VEGETABLES (PREVIOUS REFERENCE AUGUST 7)†

8. *The Secretary of State for External Affairs* referred to previous discussion regarding paragraph (b) of subsection (7) of the new section 40 of the proposed bill to amend the Customs Act, which dealt with value for duty of fruits and vegetables. The three possible courses of action considered by the Cabinet were:

(a) to delete the section;

(b) to include the section in the act but to make it subject to proclamation;

(c) to include a substitute section that would permit the government to introduce regulations, authorized by the Governor in Council, to set values for duty for fruits and vegetables in periods of difficulty.

Officials of the Departments of External Affairs, Finance and Trade and Commerce were strongly of the opinion that the section should be deleted, as any other course would imperil the negotiations that were going on with United States authorities on fruits and vegetables, and would be likely to lead to repercussions against Canadian exports of potatoes and apples to the United States. The third course would be slightly preferable to the second, but would be open to almost as serious objections. The treatment to be accorded to movements of fruits and vegetables across the Canada-U.S. border had given rise to much acrimony in the past. There was little hope of success of the tariff negotiations under the provision of the G.A.T.T. on fruits and vegetables, which had begun with the United States if the provision under consideration were included in the bill in any form.

9. *During the discussion* the following points emerged:

(a) It was suggested that the negotiations were probably following the pattern of the past and it might be to Canada's advantage to set a new pattern. The United States would probably try hard to block the inclusion of paragraph (b).

(b) The government had not negotiated with the United States on other provisions of the bill, for example, those in respect of manufactured goods, and it was open to question that there should be negotiations on the fruit and vegetable provision. The inclusion of this provision was something that would have to be decided by the government itself.

(c) In so far as making paragraph (b) subject to regulations of the Governor in Council or to proclamation was concerned, the public might be inclined to question why the manufactured goods provision was firm while the fruit and vegetable provision was not.

(d) It was suggested that the provisions of paragraph (b) were contrary to the G.A.T.T. However, the United States did not seem to be entirely in the clear on this score.

(e) There were certain disadvantages from the point of view of the negotiators in introducing at this stage in the negotiations a provision such as the one contemplated. In addition, such action might have repercussions for the President of the United States in his efforts to obtain tariff reduction legislation. If questions were asked in the House regarding the dropping of this provision, the government could say that, because of negotiations being carried on, it was not considered advisable to proceed at the present time, and the action could be taken next session if necessary.

(f) On balance, it was considered that the provision of paragraph (b) should be included in the bill, but the paragraph should be brought into force by proclamation of the Governor in Council.

10. *The Minister of Agriculture* reported that the Canadian Horticultural Council was now in favour of a three-year period rather than the ten-year period referred to in paragraph (b). There were not enough appropriate statistics for a ten-year period to enable a proper determination to be made.

11. *The Cabinet* agreed that the bill to amend the Customs Act should be revised to provide,

(a) that the period referred to in paragraph (b) of subsection (7) of section 40 should be three years rather than ten years; and,

(b) that the paragraph should be brought into force by proclamation of the Governor in Council.

. . .

---

188. DEA/134-40

L'ambassadeur des États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador of United States
to Secretary of State for External Affairs

LETTER NO. 55 Ottawa, September 3, 1958

The Ambassador of the United States of America presents his compliments to the Secretary of State for External Affairs and has the honor to refer to House of Commons Bill

C-51, "An Act to Amend the Customs Act," which received first reading on August 16, 1958. In the opinion of the Government of the United States some of the provisions of this bill are inconsistent with the General Agreement on Tariffs and Trade (GATT) and some are contrary to commitments undertaken by the Contracting Parties of the GATT. The comments of the United States Government, which have already been covered orally to the Canadian Government, are as follows:

(a) Section 36 (2) (e) of the bill provides a reasonable standard for the determination of the value for duty by the Minister of National Revenue when the quantity of goods shipped to Canada is smaller than the smallest quantity sold for home consumption. For cases when the quantity shipped to Canada is larger than the largest quantity sold for home consumption, however, Section 36 (2) (e) provides for the use of home market price, which presumably will be higher than export market price since sales in the home market are in smaller quantities than for export. Article VII (2) (b) of the GATT provides that the value for duty should be uniformly determined in such cases. In the opinion of the United States Government, a similar standard should apply in both the case where the quantity of goods shipped to Canada is smaller than the smallest quantity sold for home consumption and the case where the quantity shipped is larger than the largest quantity sold for home consumption.

(b) Section 36 (3) of the bill provides that where the value for duty cannot be determined by the fair market value of like goods in the home market because there either were no home purchasers who were at substantially the same trade level as the importer, or if there were such home purchasers no sales were made to them, the home purchasers, if any, at the trade level nearest and subsequent to that of the importer shall be deemed to have been at the same trade level as the importer. This procedure, reverting to the next higher level of trade, at which prices are normally somewhat higher, appears contrary to the specification of "nearest ascertainable equivalent" in Article VII (2) (c) of the GATT.

(c) Sections 30 and 40 of the bill grant power to the Minister to determine value for duty in such manner as he may prescribe, regardless of the principle of fair market value asserted in Section 36. This sweeping delegation of power to set valuation without further definition or qualification would seem to constitute a broad invitation to take action contrary to GATT Article VII (2) (a), as well as notice to the effect that fair market value is not even the normal standard in the case of certain classes of goods.

(d) Section 39 (1) of the bill establishes cost of production plus a reasonable amount for gross profit as the minimum value for assessing anti-dumping duty in instances where the Minister believes injury has been or may be caused to any industry. This in effect reverses the action taken by the Canadian Government in 1948 when the use of cost of production as the basis for valuation in the Customs Act was changed to conform with the GATT. The new procedure, by changing Section 6 of the Customs Tariff Act, would place importers in a position which could seriously impede trade between Canada and the United States because it would threaten the safeguards on valuation contained in other sections of the Customs Act by increasing uncertainty as to importers' liability for anti-dumping duties. Moreover, it constitutes violation of Article VI (1) (a) of the GATT, which establishes comparable home market price in the ordinary course of trade as the standard basis for determining the normal value under the anti-dumping provision of the GATT, and also constitutes a violation of the definition of "actual value" as prescribed for use in determining value for customs purposes in Article VII (2) of the GATT. Whether the valuation is made for anti-dumping or for customs purposes, cost of production may be used as a yardstick only when the value cannot be ascertained by the primary methods specified in the cited Articles.

(e) Section 40A (1) of the bill sets actual sale prices as the minimum value "notwithstanding anything in this Act," and Section 40A (5) sets the value for duty of goods of different quality that are shipped in the same package at the value of the best article in the package even though the goods were invoiced or sold at an average price. These valuation procedures, which admittedly are to be found in the present law, appear to the United States to be contrary to the intent of Article VII of the GATT. Some hope had previously been entertained that they might, in any revision of the law, be modified to ensure consistency.

(f) Section 40A (7) (b) is of concern to the Government of the United States on several counts. It represents a dangerous extension of administrative latitude which is not only contrary to the provisions of the GATT and an impediment to trade but a derogation of the principle implicit in the proposed renegotiation of Canadian fruit and vegetable concessions under Article XXVIII. It would create a damaging precedent for international trade in agricultural products and seriously weaken the ability of the United States Government to withstand strong pressures from domestic growers for measures of similarly restrictive intent. The administrative latitude that it establishes is such that the same market price in the United States might be regarded as "normal" in a year of a short Canadian crop and "below normal" in a year of a bumper Canadian crop.

The provisions of Section 40A (7) (b) appear particularly objectionable because they are in addition to the higher seasonal duties in the Canadian tariff for fresh fruits and vegetables, which seasonal duties the Canadian Government proposes through renegotiation of existing concessions to set still higher. It is the opinion of the United States Government that the proposed increase in and extension of seasonal duties under Article XXVIII should in themselves afford the added protection sought by the Canadian horticultural industry without any necessity for arbitrary valuation and opportunity for dumping duties. Moreover, the anti-dumping provisions of Section 6 of the Canadian Customs Act which would be invoked by Section 40A (7) (b) do not necessitate the showing of injury by domestic industry, as required by Article VI (6) (a) of the GATT.

Section 40A (7) arbitrarily establishes value for duty, in contradiction of Article VII (2) of the GATT. By virtue of the provisions of Section 6 of the Canadian Customs Act, the difference between declared value and the value as determined by administrative action under Section 40A (7) (b) would be assessed as dumping duty, in contradiction of Article VI (1) (a) of the GATT.

The United States Government considers higher seasonal duties far preferable to arbitrary valuation of seasonal produce. Arbitrary valuation threatens the Canadian importer with liability for dumping duty during the peaks of seasonal movement of crops to markets. The United States Government would regard the application of Section 40A (7) (b) to bound items as impairment of concessions through actions inconsistent with the provisions of the GATT and would consider compensatory adjustment in order.

Section 40A (7) (b) permits the Minister in his discretion to determine value for duty of imported fruits and vegetables on the basis of the average value during the preceding three-year period. Unless such three-year comparison is restricted to the comparable month or week of shipment in each year it would establish an abnormally high value and would irrationally rule out variations in prices of perishable produce which by their seasonal nature are more plentiful and cheaper at the peak of harvest.

In a note dated June 26, 1958 the Ambassador asked for assurances that any revision of Canadian customs legislation would be consistent with the General Agreement on Tariffs and Trade. No reply to this note has been received, and the Canadian Government did not consult the United States Government on this important matter. Coming as this does at a time when the United States Government has obtained renewed authority to remove or reduce barriers to trade, this proposed action is disappointing in the context of the need for expansion of world trade so often stressed by leaders of the Canadian Government.

L.V. M[ERCHANT]

---

189. DEA/134-40

Le sous-ministre du Revenue national
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of National Revenue
to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, September 23, 1958

Dear Sir:

Your letter of the 5th instant,† in connection with the Note of Protest from the United States Government in respect of the amendments of the valuation provisions of the Customs Act, was received by me on September 9, 1958.

We have examined the various points raised by the United States Government and have prepared a draft reply, copy herewith, which may serve as a working paper. No doubt your Department, and perhaps Finance and Trade and Commerce as well, will want to enlarge upon this reply, with particular reference to our commitments under GATT.

It might be well, as you suggest, to call an interdepartmental meeting to consider an appropriate reply, in which event I shall be pleased to attend.

Yours faithfully,
DAVID SIM

[PIÈCE JOINTE/ENCLOSURE]

Projet de réponse

Draft Reply

UNITED STATES NOTE ON CUSTOMS ACT AMENDMENT

The amendments to the valuation provision of the Customs Act, passed at the last session of the Canadian Parliament, apart from the introduction of the new provisions in section 39 and 40A(7)(b) were introduced with a view to making a more complete scheme for determining value for duty, and they do not incorporate any change in policy from that adopted in the administration of the previous provisions respecting determination of value. In drafting this revision regard has been had to GATT and, in the opinion of the Canadian Government, the provisions are not inconsistent with Canada's obligations under it. The following are the comments of the Canadian Government with respect to the specific points raised in the United States note.

Point (a):

Section 36(2)(e) with regard to the value for duty where the quantity shipped to Canada is larger than the quantity sold in the home market must be read with section 36(1)(b), and the legislation, when so read, gives effect to the price charged in the home market for quantities comparable to these shipped to Canada, consistent with the principle set out in

Article VII of GATT. But GATT makes no provision for the cases where the quantities imported are greater than the largest quantities sold in the home market, and section 36(2)(e) gives the importer a value based on the lowest price at which goods are sold in the home market. To attempt to reduce the value below the best price at which goods are sold in the home market would be to enter the field of speculation and uncertainty which is not desirable. With regard to the determination of value when the quantities imported are less than the smallest quantities sold in the home market, it should also be noted that GATT does not provide for this contingency. While this situation seldom arises, the provision is included to make the scheme complete. It is noted that the United States Government considers this provision provides a reasonable basis for determining value in the circumstances.

Point (b):

With regard to section 36(3), this provision is necessary to give full effect to the like goods principle for determining value, and it is therefore referable to the actual value rule in section 2(a) of Article VII of GATT and not the nearest ascertainable equivalent rule, to which effect is given in section 37 of the Act. GATT makes no provision as to the trade level to which reference should be had in determining the value of like goods when sold in the home market, and section 36(3), when read with section 36(1)(a), gives the importer the benefit of the best value he could obtain having regard to his trade level and comparable existing trade levels in the country of exports. This principle, then, as with the other provisions of section 36, requires a determination of value in accordance with the circumstances actually existing in the home market, having regard to the amount which the importer would pay if he were buying in that country in a free competitive transaction. This principle, in the opinion of the Canadian Government, is consistent with the principles of Article VII of GATT.

Point (c):

With regard to section 38, it should be noted that there is no change in the policy of the Canadian Government in respect of the determination of value of those classes of goods falling within this provision, although the form of the statute is different. The section deals with those cases where the value cannot be determined under the like goods or similar goods rule in sections 36 or 37 or where circumstances require the application of different principles because of the use to which the goods may be put or the type of goods imported.

Section 38(a) deals primarily with those cases where goods have been imported from state trading countries and different rules apply to different cases, but the principle followed in each case is consistent with the nearest ascertainable equivalent rule of Article VII of GATT. The Canadian Government is not aware of any case where the value for duty of United States goods is determined under this provision.

Section 38(b) and (c) describe goods or classes of goods where separate principles of valuation must apply because of the circumstances of the particular case. Subparagraphs (i) and (v) describe goods which are to be further processed in Canada, to enter into the course of manufacture in Canada or to be used in connection with manufacturing operations in Canada, and these goods are dealt with separately in order that, in appropriate cases, the value for duty which would otherwise obtain under sections 36 or 37 may be reduced to the advantage of Canadian industry and Canadian consumers. This has been the practice of the Canadian Government in the past and, if it were not followed, the increased values which would otherwise obtain, might so increase the price of such goods as to seriously impair trade particularly with the United States. While the legislation would enable a determination of value in excess of that which would otherwise obtain under sections 36 and 37, the Canadian Government has not so determined value in these cases in the past and assures the United States Government that it will not use this provision to increase values in the future.

With regard to the goods described in subparagraphs (ii) (iii) and (iv) of section 38(b), the very nature of these goods suggest that there is no fair market value or other rule which can be said to apply to such goods. The value in each class of goods as, for example, with off-quality goods, must be determined at the time of importation based on the actual condition of such goods at that time, having due regard to the value of like goods which are of prime quality. This has been the practice in the past, and this legislation does not contemplate any change in principle.

In the opinion of the Canadian Government, the provisions of GATT contemplate a determination of value of prime quality goods and not goods described in these provisions, and the determination of value based on the principle set out above cannot, therefore, be said to be inconsistent with the provisions of GATT.

With regard to section 40, this provision is necessary to enable the determination of value where an exporter does not afford the necessary information to the administration to enable the determination of value under sections 36, 37 or 39. But when co-operation is given, this provision is obviously not applicable and, accordingly, the provision is not inconsistent with GATT.

Point (d):

With regard to section 39, this provision would only become operative when goods are marketed in the country of export in circumstances where the exporter in question earns a smaller gross profit than could reasonably be anticipated would be sufficient to assure the continuation of such person in business. It is the opinion of the Canadian Government that when goods are sold at such abnormal values they are not being sold "in the ordinary course of trade" within the meaning of section 2(b) of Article VII of GATT and, accordingly, it is necessary to determine value in accordance with the nearest ascertainable equivalent rule. It should be noted in this connection that value is determined under section 39 on substantially the same basis as is set out in section 37, and in the opinion of the Canadian Government this method of determination of value is consistent with the nearest ascertainable equivalent rule in section 2(c) of Article VII of GATT. With regard to Article VI of GATT, since in the opinion of the Canadian Government sales made in these abnormal circumstances are not made "in the ordinary course of trade," the provisions of section 1(a) of Article VI do not apply, and section 1(b), providing for the cost of production basis for determining value for dumping duty purposes, is applicable. Accordingly, in the opinion of the Canadian Government, this provision is not inconsistent with Article VI.

The introduction of this principle does not reverse action taken by the Canadian Government in 1948 when the use of the cost of production basis for valuation was removed from the law. Prior to 1948 the law required the use of the cost of production basis as an absolute minimum valuation in every case. There was also no specific test for determining gross profit which could be said with confidence to relate to circumstances existing in the trade at that time. The new provision, on the other hand, applies only where there is injury to Canadian industry, is limited in its application in any case to a period of one year, is directly related to the normal profit earned in the industry in question in the country of export, and every determination is subject, in every case, to a right of appeal to the courts.

Point (e):

With regard to section 40A(1), in the opinion of the Canadian Government, this provision is not inconsistent with GATT. It must be clear that if the value determined under the ordinary provisions is less than the amount which the importer actually paid for such goods, the value of the goods must be the amount which was in fact paid for such goods and not the amount determined under any rule.

With regard to section 40A(5), this provision has been carried over from the previous law, and has very limited application. It has no application in any case where an importer invoices each article in a shipment separately, and it has been the practice of the Canadian Government to permit importers to amend their invoices accordingly to avoid the operation of this principle.

Point (f):

With regard to section 40A(7)(b) dealing with the determination of value of fresh fruits and vegetables, this provision is only enabling legislation having limited application, and it should be noted that the provision has not as yet been proclaimed in force.

The Canadian Government appreciates the concern of the United States Government in connection with the introduction of this provision, and is prepared to review its application with the United States Government at the proposed renegotiation of Canadian fruit and vegetable concessions under Article XXVIII.

---

190. DEA/50092-C-40

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], October 8, 1958

Present

Mr. R.B. Bryce, (Secretary to the Cabinet)
Mr. K.W. Taylor, (Deputy Minister of Finance)
Mr. D. Sim, (Deputy Minister of National Revenue for Customs and Excise)
Dr. A.E. Richards, (Department of Agriculture)
Mr. L.E. Couillard, (Department of External Affairs)
Mr. R.M. Davidson, (Department of Justice)
Mr. I.S. McArthur, (Department of Fisheries)
Mr. M. Schwarzmann, (Department of Trade and Commerce)
Mr. G.S. Watts, (Bank of Canada)
Mr. D. Morley, (Acting Secretary) (Privy Council Office)

Also Present

Mr. A.R. Hind, (Department of National Revenue)
Mr. S.S. Reisman, Mr. C.A. Annis, (Department of Finance)
Mr. D. Harvey, Mr. R.E. Latimer, (Department of Trade and Commerce)

ITEM I: DRAFT REPLY TO THE UNITED STATES' NOTE ON AMENDMENTS TO CANADA CUSTOMS ACT (ICETP DOCUMENT 197)[258]

1. *The Deputy Minister of National Revenue* felt that the draft reply to the United States' note was self-explanatory and placed the legislation in a better light than had been hitherto expressed in public.

---

[258] Voir la pièce jointe au document précédent.
See the enclosure to the previous document.

2. *Mr. Schwarzmann* said that the United States had indicated that they would rather not make a formal complaint about the Customs Act amendments in the coming session of GATT. However, it was by no means certain that other European countries might not raise this matter. It was necessary that the Canadian delegation to GATT should have a satisfactory reply in the event of a question being raised.

3. *The Committee*, in discussing whether the note would be made public, decided that it should be delivered unclassified to the State Department through the embassy in Washington. Embassy officials could then discuss with the State Department whether the full text or extracts of both the Canadian and United States' note would be made public. It was noted that while the United States' note to Canada had not been released in its entirety, the substantive sections of the text had in fact been given to the press. It might be found necessary to table these notes when Parliament reconvened,[299] but this could not be done before the United States had agreed to make their note public. With regard to the Canadian note to Sir David Eccles on this matter, it was thought that Sir David would make the substance of the letter public but not the text. The Committee noted that the Department of National Revenue had no objection to making either notes public.

4. *The Committee* considered the draft *seriatim*:

Point a:

The Committee approved the draft paragraph.

Point b:

This section of the Act had been included to cover an area not provided for in the GATT. While the amendments were technically correct and still within the rules of the GATT, they did not necessarily reflect both the spirit and the letter of the Agreement.

Point c:

(i) It was noted that this section would only apply in cases where actual value was difficult or impossible to establish. Both the United Kingdom and the United States governments had been assured that this section would not be used to increase values.

(ii) It was recognized that any reduction in value for duty under this section might expose the government to the domestic argument. Parliament had laid down in the Customs Tariff Act what the level of duty would be and this section in effect allowed the level to be reduced below this laid-down value.

In the case of different values for duty for the same part — for example, component parts of automobiles — the value was established on two different basis: first, on bulk sales to automobile companies and second, on the fair market value when these parts were sold at arms-length. It was recognized that the value for duty would be smaller on a bulk shipment as cost of production and processing charges would naturally be lower.

(iii) It was agreed that this bill had been drafted more for the purpose of its standing up in the courts than for its appeal to the public.

(iv) While the government had been given broad powers to act under sections 38 and 40 of the Act, the significant factor was not that these powers were in the Act, but rather how they would be used in determining the value for duty.

---

[299] Voir Canada, Chambre des Communes, *Documents parlementaires du Canada*, 1959, N° 185.
See Canada, House of Commons, *Sessional Papers*, 1959, No. 185.

Point d:

(i) It was felt that this section was difficult to justify by standard North American business practice. It did not allow for low prices caused by business fluctuations or allow for errors in judgment in manufacture of certain articles which subsequently had to be disposed of by sale at lower than cost of production plus a fair gross profit. While GATT dealt with the broad flow of trade, this section of the Act dealt with a refinement in the Customs law vis-à-vis the United States and the GATT, as far as this point was concerned, was an incomplete document. However, it was recognized that once the cost of production was used as a basis of value for duty, it was inevitable that a GATT argument would ensue. It was pointed out by the Deputy Minister of National Revenue that his Minister had to be satisfied that a particular case required investigation. The Department of National Revenue was at present awaiting authority from the Minister to investigate more closely the cost of production in the United States' textile industry. However, in this case, it was uncertain whether officials would be able to prove that the goods were being dumped on the Canadian market at lower than cost of production plus a fair margin for gross profit as this industry, in an effort to remain competitive, had specialized in low-cost, high-volume and low-markup production.

(ii) In cases where cost of production differed in various countries the value for duty was based on the cost of production in the country of export.

Point e:

The Committee approved the draft paragraph.

Point f:

(i) It was recognized that while this section really applied to trans-border trade with the United States, it would be difficult to defend in the GATT.

(ii) Fear was expressed that if this section was proclaimed, the United States might take compensatory action or use it as a bargaining point, particularly with respect to exports of B.C. apples.

(iii) If this subject was raised in the GATT, it would most probably have to be dealt with under a waiver. The Act did have an end-of-season end-of-run clause concerning manufactured goods and the logic of this end-of-season form of dumping had been accepted in the GATT. The type of situation that arose with end-of-season dumping of fruit and vegetables was only an extension of the principles already established in the Act and accepted by GATT members, and, in reality, only resulted through our unusual type of border situation with United States. This section dealt with a situation peculiar to Canadian-U.S. trade, not covered fully by the GATT. Section 40 (7)c applied only to the end-of-season problem not covered by the GATT.

(iv) One of the strongest attractions of the bill was that it provided full right of appeal to the courts.

(v) The Committee noted the invitation in the United States' note that higher seasonal duties would be preferable to a blanket use of this section of the Act.

(vi) Under the Trade Agreements Act, the United States administration was empowered to raise the tariff vis-à-vis particular Canadian exports, to 50% of the highest 1930-31 tariff level. The State Department's legal advisers thought that this tariff could be applied discriminatorily against any country which had withdrawn a concession. Also, under the Trade Agreement Act, the administration had broad legal powers to take whatever action it deemed necessary with respect to perishable goods.

5. *The Committee* approved the draft note with minor amendments and agreed that it should be submitted to Cabinet.

. . .

191. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 15, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Fisheries
and Acting Minister of Agriculture (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio
and Acting Minister of Trade and Commerce (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

CUSTOMS ACT REVISIONS; U.S. NOTE; REPLY

27. *The Minister of National Revenue* submitted a draft reply to the United States Note of September 3rd, on the Act to Amend the Customs Act passed during the last session of Parliament. The officials concerned had gone into the matter in detail. He had reviewed the draft carefully and was satisfied with it. Mr. Nowlan added that difficulties were being encountered in connection with the administration of the new section 39. Hitherto U.S. suppliers had always provided information on costs to Canadian customs officers when requested to do so. However, they had refused to do this recently and discussions were being held with the U.S. authorities on the matter. He thought the difficulties would be resolved soon.

An explanatory memorandum had been circulated, (Memorandum, Department of External Affairs, October 7th, 1958 — Cab. Doc. 283-58).†

28. *During the discussion* it was suggested that the comments under point (f) in the reply, referring to determination of values of fresh fruits and vegetables, should be modified.

29. *The Cabinet* approved the draft reply to the United States Note of September 3rd on the recent amendments to the Customs Act, subject to the revisions suggested under point (f) of the draft.

. . .

192. DEA/134-40

Note du sous-secrétaire adjoint aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs
to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 14, 1958

CONVERSATION WITH MR. WILLIS ARMSTRONG, ECONOMIC COUNSELLOR
OF THE UNITED STATES EMBASSY, ON NOVEMBER 7

On the afternoon of November 7, Mr. Willis Armstrong of the United States Embassy came to see me to receive our replies to his verbal enquiries about the new Customs Act.

2. You may recall that these were essentially two. First, he had pointed out that our Note, originally dated October 17 but not delivered until October 24, stated that the Canadian negotiators in the Article XXVIII fruit and vegetable negotiations would be prepared to discuss the amendments to the Customs Act with the United States negotiators, though by the time our Note was delivered the first round of negotiations was already over. He said that the United States negotiators had in fact raised the question and had received a general reply which led them to infer that the Canadian negotiators had no authority to discuss the matter. Secondly, he had asked whether, by including this reference in our Note, we had intended to convey that the modalities of application of the new legislation were to figure as a bargaining counter in the fruit and vegetable negotiations. An interdepartmental meeting was held to decide what replies would be appropriate and my answers as given below were based on the conclusions of that meeting.

Question 1

3. I told Mr. Armstrong that the Canadian negotiators in the fruit and vegetable negotiations were empowered to discuss and explain the background and substance of the new sections (Sections 39 and 40A(7)(b)). At the opening session the United States negotiators had made only a general enquiry about the Customs Act and our team had made a general reply. They did not think that the United States should infer from this that they were not empowered to discuss the subject. I emphasized that the lapse of time between the date of our Note and its delivery had been due entirely to the need to consider whether it should receive publicity and, if so, how that should be handled. We should not like the United States authorities to have the impression that we had had any ulterior motive in holding up the delivery. Mr. Armstrong assured me emphatically that his authorities had had no thought of this kind.

Question 2

4. Mr. Armstrong enquired whether he should assume from the way I had phrased my previous reply that the question of how and whether the new sections would be applied was *not* negotiable in the Article XXVIII talks. I replied that the substance of the new sections was not negotiable but that the manner in which they were applied was a proper subject of discussion and exploration.

5. Mr. Armstrong then mentioned that last spring it had been suggested that the United States and Canada might agree upon a "price target" and a regulation of the flow into Canada of the products in question. The United States had then indicated that the second of these suggestions was regarded as mechanically impracticable. The first was objectionable in principle because the United States Government had tried not to extend the price target

system to fruits and vegetables in the domestic market and would, therefore, be unable to adopt it in international trade. He would like an assurance that the Canadian negotiators understood that there was no question of adopting this approach.

6. I replied that I thought they did but that I should be glad to make sure they understood that the United States was not studying either of these possibilities and did not regard them as suitable for further negotiation.

7. Mr. Armstrong concluded by saying that he understood I had taken his point, which was to make clear that this kind of action by the United States could not be set off against the application of the Canada Customs Act. He then asked, with regard to the timing of the next meeting, whether it was correct to say that the Canadians had made an offer and that it was now up to the United States to evaluate this offer and request further discussion. I replied affirmatively.

8. Since the date of our conversation, I have heard informally and off the record from Mr. Armstrong that our answer to the United States Note is considered to have met their difficulties on some points but that they are currently working on a rejoinder which will again take up the question of Sections 39 and 40A(7)(b).

D.V. LEPAN

SECTION E

DINDES ET VOLAILLES
TURKEYS AND FOWL

193. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 16, 1957

Present:

The Minister of Public Works, Acting Minister of Defence Production,
 and Acting Prime Minister (Mr. Green), in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs
 and Acting Minister of National Health and Welfare (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General
 and Acting Minister of Mines and Technical Surveys (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice, Acting Minister of Citizenship and Immigration,
 and Acting Secretary of State for External Affairs (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Northern Affairs and National Resources
 and Acting Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean), (for evening meeting only)
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

. . .

FOWL AND TURKEYS; PRICE SUPPORT AND IMPOSITION OF IMPORT CONTROL (PREVIOUS REFERENCE, JULY 16, A.M.)†

32. *The Acting Minister of Agriculture* reported that he, the Minister of Finance and the Minister of National Revenue had met with representatives of the Canadian Federation of Agriculture, the turkey growers, and the poultry producers. These groups had presented unanimous recommendations that a floor price of 27 cents per pound for Grade A live weight turkeys be established immediately, that import control be imposed forthwith, on the understanding that no further imports be permitted beyond the 5 million pounds which had entered up to the present time and that a permanent policy for turkeys, to apply beyond this year, be developed in consultation with them. On fowl, the group proposed that price support be made effective immediately instead of August 1st as previously planned, and that import control also be applied. These recommendations were in line with the conclusions reached earlier by the Ministers concerned and officials. The growers were against fixing values under section 38 of the Customs Act. The Minister thought these recommen-

dations should be followed, except that the support price for turkeys should be 25 cents rather than 27 cents which, in his view, would be an incentive for greater production.

35. *During the discussion* the following points emerged:

(a) Presumably the support price for turkeys should only remain in effect for a limited period. Until a more permanent turkey policy was developed, no terminal date should be fixed, in which case it would be difficult to set a terminal date for import control. Price support for fowl was due to expire on November 30th, but import control should continue for some months after that date. It would be desirable to fix a date when import control on both these products would come to an end, say March 31st, 1958, so that producers would know where they stood, and so that it would be clear that these were temporary measures. On the other hand, it would leave the government more room for manoeuver if no terminal date were applied. When conditions changed control could be rescinded.

(b) Import control would be a departure from traditional Canadian trade policy and would likely lead to trouble with the United States. Furthermore, a waiver would have to be negotiated in the G.A.T.T. Fixing arbitrary values for duty would be preferable. If it were decided to proceed with controls, there should be negotiations with the U.S. beforehand.

(c) It was argued, on the other hand, that turkey and fowl were relatively insignificant matters for the U.S., that no quick action could be expected there in regard to broader trade and disposal problems, and that, meanwhile, imports were flooding the Canadian market and the cost of price support programmes without restrictions on imports would be enormous. At present, in the case of turkeys, consumption needs would be more than met by stocks on hand and production in the balance of the year.

(d) The turkey producers would quite probably be satisfied with a 25 cent price, which would also reduce the risk of further cost to the Treasury.

(e) It would have to be established what the term "fowl" meant. Some thought this applied to all types of poultry. Others understood it to mean, broadly, hens that were producing eggs or had done so.

(f) The turkey and fowl producers had been warned that they could not expect to avoid further difficulties in the future if they continued to increase production.

(g) The control should be effective on July 18th rather than July 17th to provide time to make the necessary administrative arrangements. On the other hand, making it effective immediately would be evidence of quick action, reduce the danger of forestalling, and the administrative inconvenience would not be insurmountable.

34. *The Cabinet* noted the report of the Acting Minister of Agriculture and agreed,

(a) that price support be established for turkeys, effective July 17th; the prescribed price to be 25 cents per pound for live no. 1 turkeys weighing from 10 to 20 pounds, with appropriate differentials for other weights, grades and markets;

(b) that turkeys be added to the Import Control List effective July 17th;

(c) that the effective date for price support for fowl be advanced from August 1st to July 17th; and,

(d) that fowl be added to the Import Control List effective July 17th.

(Orders in council were passed accordingly; P.C. 1957-954, -956, -955, -953, July 16)

R.B. BRYCE
Secretary to the Cabinet

194. DEA/3300-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[260]

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs[260]

[Ottawa], August 19, 1957

CANADIAN RESTRICTIONS ON AGRICULTURAL IMPORTS

I attach for your information copy of an Aide-Mémoire left with us by the United States Embassy concerning recent actions of the Canadian Government affecting the importation into Canada of turkeys, fowl, strawberries, cheddar cheese and certain grain products. The Aide-Mémoire expresses concern about the fact that some of the steps we recently took were inconsistent with the provisions of the General Agreement on Tariffs and Trade, and about the fact that the United States was not consulted in advance about these measures.

2. These contentions are true enough and we will no doubt have to discuss these matters with other interested parties at the next session of the contracting parties to the GATT which begins in October. It should not be difficult to justify our acting without prior consultation since the steps taken were such that any leakage of information to the trade would have given rise to an abnormal movement of imports in an attempt to defeat their purpose.

3. The United States Embassy is not expecting a reply to this communication. No doubt these are among the matters the United States members would wish to raise at the next meeting of the Joint Committee on Trade and Economic Affairs.[261]

J.W. H[OLMES][262]

[PIÈCE JOINTE/ENCLOSURE]

Aide-mémoire de l'ambassade des États-Unis

Aide-Mémoire by United States Embassy

Ottawa, August 16, 1957

The Government of the United States was surprised and is concerned by recent actions of the Canadian Government which seriously affect the importation into Canada of certain agricultural commodities from the United States.

On July 17 the Acting Minister of Agriculture announced that controls on imports of turkeys and fowl were being immediately established and that an embargo had been imposed for an indefinite period on the importation of these items. This abrupt action was taken without prior notification to or consultation with the United States which was contrary to the long tradition of consultation between the two countries on actions contemplated by one which might affect the interests of the other. Furthermore there has been no attempt to justify these restrictions under the General Agreement on Tariffs and Trade under which trade between Canada and the United States is conducted. On the basis of information available to the Government of the United States this action appears to be contrary to the provisions of the General Agreement on Tariffs and Trade.

---

[260] Note marginale :/Marginal note:
Seen by PM who retained a copy. T. W[ainman] W[ood]. 21.8

[261] Voir la 4e partie./See Part 4.

[262] Note marginale :/Marginal note:
There is no indication that the Americans intend to publish this note. J.W. H[olmes]

In addition, the Government of Canada has taken emergency action on strawberries under Article XIX of the General Agreement on Tariffs and Trade. It is assumed that the Government of Canada intends to consult with the Government of the United States in accordance with the provisions of that Article. It might also be noted that the Government of Canada has taken restrictive measures inconsistent with the General Agreement on Tariffs and Trade with respect to cheddar cheese and certain grains and grain products.

The Government of the United States takes this opportunity to express the hope that the previous pattern of consultation and discussion governing trade relations between Canada and the United States will be restored and to request an opportunity for consultation on the various matters referred to above.

---

195. DEA/9816-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], November 14, 1957

CANADIAN RESTRICTIONS ON AGRICULTURAL IMPORTS

I attach for your consideration a copy of Note No. 138 of November 8 from the United States Embassy concerning the restrictions which the Canadian Government has imposed over the past several months on imports of certain agricultural commodities. The Note was conveyed to us by mail on November 12. I am also attaching a brief note† which summarizes the action taken by the Government with respect to the individual commodities concerned.

2. In substance, the United States' case as set out in the Note is twofold. First, that the actions taken by Canada in this matter are in contravention of Canada's obligations under the General Agreement on Tariffs and Trade. We recognize this to be a generally valid objection inasmuch as the GATT does not permit the imposition of import controls for the purpose of protecting a domestic price support programme. It does so only where controls are concurrently enforced on domestic production.

3. The second point made in the Note and in a previous United States Note on the same subject is that in applying these import restrictions the Canadian Government has departed from the pattern of consultation and discussion which has marked Canadian-United States trade relations in the past and which the United States have themselves followed. The United States also holds that we have failed to adhere to the procedures of notification and consultation as prescribed under the GATT. These are, by and large, valid objections. It is true that officials have had occasion to discuss some aspects of our import restrictions with individual American officials. It is also true that, as you will recall, these matters were raised when you and your colleagues visited Washington on October 7 and 8. Nevertheless, we have not entered into consultations in the more comprehensive and formal sense of the term as used in the GATT.

4. The reason why such consultations did not take place is that at the time when the individual restrictions were imposed, it appeared that there would be some advantage in waiting to see the Government's programme for the general protection of agriculture emerge as a whole before deciding how best Canada's action in respect of agricultural imports could be reconciled with our obligations under the GATT. Since that time, however, we have received a number of formal complaints, including representations from New Zealand, Australia and the United States, which suggest that we should, sooner or later, enter into consultations with those countries having a substantial export interest in the commodities concerned and generally regularize our position with the GATT.

5. As you will recall, it has been our view that to do this it might be necessary for Canada to seek a waiver from our GATT obligations with respect to the restrictions we have placed on agricultural imports. As the instructions to our Delegation to the current session of the GATT explained,

"The GATT makes provision for a country to be granted a waiver in exceptional circumstances from an obligation it has entered into under the Agreement. The granting of such a waiver requires the approval of a two-thirds majority. A number of waivers have been granted, subject to terms and conditions, to meet particular difficulties of certain member countries. The obtaining of a waiver upsets the balance of rights and obligations under the GATT, and exposes the country concerned to retaliatory action by other countries whose interests may be adversely affected."

6. Pending a decision as to how our position in relation to the GATT should be regularized, it may be that the time has come for our Delegation in Geneva to act on the basis of the following extract from their instructions as approved by Ministers:

"While Canada's restrictions have not yet been formally questioned in GATT, they are a matter of concern to some other countries and it may well be that the compatibility of these restrictions with GATT will be questioned during the Session. It is proposed that the Canadian delegation in conversations with other delegations or, if necessary, in a formal statement outline Canada's position along the following lines:

(i) An explanation of the special nature of the difficulties which have arisen with respect to the products now under import control.

(ii) An indication that the Canadian Government recognizes that some of these restrictions raise problems in relation to the GATT.

(iii) An assurance that the matter is being given careful attention by the Government with a view to determining what appropriate steps should be taken, having in mind the interests of other Contracting Parties and Canada's obligations and responsibilities in the GATT."

7. For the moment we are referring the contents of the United States Note to the other Departments concerned. We would hope, in due course, to be in a position to submit to Ministers a draft of an agreed reply. In the meantime, we should appreciate any comments you may wish to make for our guidance.

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Note de l'ambassade des États-Unis

Note by United States Embassy

No. 138 Ottawa, November 8, 1957

The Ambassador of the United States of America presents his compliments to the Secretary of State for External Affairs and, acting under instructions from his Government, has the honor to reiterate the serious concern of the United States Government over various Canadian restrictive trade actions adversely affecting United States interests. The United States Embassy in its Aide Mémoire of August 16, 1957 informed the Canadian Government of the surprise and concern caused by these measures and requested an opportunity for consultation regarding them. A response to this request has not yet been received.

The United States Government considers that: (1) these restrictions placed in effect by the Canadian Government are in violation of the provisions of the General Agreement on Tariffs and Trade, (2) they were applied without the customary prior notification and consultation, and (3) they appear to signify a change in Canadian trade policy.

In the case of the embargo on imports of turkey and fowl, the Canadian Government has not indicated the provisions of the General Agreement on Tariffs and Trade under which this could be justified. It would appear that this embargo contravenes Article XI, that it would not come under the exception provided by paragraph 2 of Article XI as domestic production in Canada is not limited, that no attempt has been made to establish under Article XIX serious injury to domestic producers, and that it nullifies previous tariff concessions which Canada granted to the United States on turkeys and fowl.

In the case of strawberries, the United States Government considers that the Canadian statement to the Secretariat of the General Agreement on Tariffs and Trade, which gives no figures on Canadian production, does not establish the serious injury to Canadian producers which would justify invoking Article XIX. The fixing of minimum valuations on fresh and frozen strawberries seems a device for increasing the tariff, notwithstanding the fact that the Canadian rates on fresh and frozen strawberries are bound under the General Agreement on Tariffs and Trade as a result of initial negotiation with the United States.

On August 28, 1957 the Embassy was informed that the Canadian Government was considering quantitative restrictions on imports of dried skimmed milk. Representatives of the United States and of other interested countries were invited to discuss the allocation of quotas for this product on August 30. At this meeting the willingness of the United States to agree to the quota tentatively allocated to it was expressed. The abrupt imposition of an embargo on dried skimmed milk on September 23 without the allocation of any import quotas was contrary to the understanding of the Canadian plans as outlined at the August 28 meeting. Dried skimmed milk is on the Canadian schedule of the General Agreement on Tariffs and Trade. The United States and the Benelux countries were the countries of initial negotiation.

In addition, it would appear that the restrictive measures applied by the Canadian Government with respect to cheddar cheese and certain grain and grain products are also inconsistent with the General Agreement on Tariffs and Trade.

In the absence of a satisfactory settlement of these issues the Ambassador is authorized to state that the United States Government will consider recourse to the Contracting Parties of the General Agreement on Tariffs and Trade in an effort to solve them.

Particular importance is attached to the early removal of the embargo on turkeys and fowl because of the imminence of the holiday season when exports of these products to Canada are normally at their peak. It is hoped that the Canadian Government will give favorable consideration to the removal of this embargo or, as a first step toward its complete removal, to remove it from the smaller sized turkeys, namely those up to fourteen pounds and to consider ending the embargo on fowl.

The Ambassador wishes to express the hope of the United States Government that there will be no extension of the periods during which restrictions are being imposed on strawberries and cheddar cheese.

Information from the Canadian Government would be helpful as to whether it is in fact embargoing the importation of those grain products which require licensing by the Wheat Board and, if so, how such an embargo is justified in terms of the General Agreement on Tariffs and Trade. In any event an authoritative statement on the character of this licensing would be appreciated.

The United States Government expresses the hope that the Canadian Government will give favorable consideration to rescinding, or significantly modifying, the restrictions on the importation of turkeys and fowl, strawberries, grains and grain products, cheddar cheese and dried skimmed milk.

In conclusion, the United States Government would appreciate an early opportunity for consultation with the Canadian Government regarding these trade measures and would appreciate the receipt of assurances that the Canadian Government intends to return to the traditional practice of prior consultation should similar measures be considered in the future.

T. T[HOMPSON]

196. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], November 28, 1957

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice
and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Leader of the Government in the Senate (Senator Haig).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

FOWL; EXTENSION OF PRICE SUPPORT
(PREVIOUS REFERENCE JULY 16)

22. *The Minister of Agriculture* reported that the existing support price on fowl would expire on November 30th. Marketings usually became much smaller after the end of November and were quite light until the end of March. However, if price support were not continued, there might be a period after the end of November when prices would fall below the support level, and if this happened it would be difficult to maintain the usual pattern during the period when the Agricultural Prices Support Board held heavy stocks. Furthermore, those producers who had not been able to market their fowl would not have the same protection as those who had done so before November 30th. Such a continuation was not expected to result in increased expenditures. He recommended that the existing support price of 23 cents per pound, basis Toronto, be extended until March 31st.

An explanatory memorandum had been circulated. (Minister's memorandum, Nov. 18, 1957 — Cab. Doc. 297/57)†

23. *The Secretary of State for External Affairs* said that a note had been received from the United States earlier in the month on recent Canadian trade restrictions which his officials felt was about as stiff a note on any subject that had been received for some time. In it, the U.S. referred to a previous communication on the same subject to which a reply had not yet been sent. The U.S. considered that the restrictions of recent months violated the General

Agreement on Tariffs and Trade, that they were applied without the customary prior notification and consultation, and that they appeared to signify a change in Canadian trade policy. The note went on to refer, specifically, to the embargo on imports of turkey and fowl, the fixing of values on strawberries and the restrictions on skimmed milk, cheese, and certain grains. Failing a satisfactory settlement of these issues, the U.S. would consider recourse to the G.A.T.T. Finally, the note expressed the hope that there would be an early opportunity for consultation on all the matters mentioned. He felt it would be desirable to accede to this request.

24. *During the discussion* the following points emerged:

(a) Consultation had not been held on the imposition of restrictions on fowl and turkeys. Applying support prices should not require discussions, but when import restrictions were being imposed it was desirable to consult. With the continuation of price support of fowl, there would be no change in restrictions on imports but the U.S. authorities should nevertheless be advised. All that was needed in this case was 24 hours notice to the U.S. Ambassador of Canada's intentions.

(b) The note and the previous one had been prepared for the record by those officials who felt they had to uphold rigidly all the technical requirements of the G.A.T.T. and other trading provisions. However, it was usually possible to reach understandings at the top level of the U.S. administration when the imposition of restrictions of one kind or another by Canada could not be avoided.

25. *The Cabinet:*

(a) approved the recommendation of the Minister of Agriculture that the existing support price on fowl of 23 cents per pound basis Toronto be extended for a further period from November 30th 1957 to March 31st 1958; and,

(b) agreed that the United States Ambassador be informed of this step some 24 hours before it came into effect.

(An order in council with respect to (a) above was passed accordingly: PC 1957 — 1598 Nov. 28).

. . .

---

197. DEA/9816-40

Note du chef de la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Economic Division,
to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 9, 1958

CANADIAN RESTRICTIONS ON AGRICULTURAL IMPORTS

I attach for your signature a reply to the United States Note of November 8 concerning the restrictions imposed by Canada on imports of certain agricultural commodities. The reply, as you know, was seen and approved by the Minister and by the Ministers of Finance, Agriculture and Trade and Commerce in the middle of December. The reply has now been seen by the Prime Minister and was approved by him today.

2. I understand that you had in mind the possibility of holding up the transmission of the attached Note until our Note protesting the recent United States restrictions on oil imports

is ready.[263] The Departments of Trade and Commerce and Finance consider that it would be of advantage to have the Note concerning the American oil restrictions delivered to the State Department by our Embassy in Washington, if only because of the part which our Embassy has played in bringing the views of the Canadian Government to the attention of the United States Administration. On the other hand it was, I think, agreed that the attached Note should be sent to the United States Embassy here by messenger because this was the channel through which the original United States Note protesting against our agricultural import restrictions was conveyed to us.

[3.] In these circumstances I think that you will agree that the attached Note might be allowed to stand on its own and to go forward to the United States Embassy without further delay.[264]

L.E. COUILLARD

[PIÈCE JOINTE/ENCLOSURE]

Aide-mémoire pour l'ambassade des États-Unis

Aide-mémoire to Embassy of United States

No. 4 Ottawa, January 10, 1958

The Secretary of State for External Affairs presents his compliments to the Ambassador of the United States of America and has the honour to acknowledge his Note No. 138 of November 8, 1957 concerning restrictions placed by the Canadian Government upon imports of certain agricultural commodities. It is noted that it is the view of the United States Government that these restrictions contravene the provisions of the General Agreement on Tariffs and Trade, that they were applied without prior notification and consultation, and that they appear to imply a change in Canadian trade policy.

The Canadian Government had occasion, at the recent meeting of the Contracting Parties to the General Agreement on Tariffs and Trade, to make it clear that it would continue to operate its policies in accordance with the rules and procedures of the General Agreement on Tariffs and Trade and that, accordingly, Canada would recognize the rights and consult the interests of its partners in the G.A.T.T. As the Government of the United States is aware, the Canadian Government has over the years followed a policy of close and scrupulous adherence to the provisions of the General Agreement in circumstances in which other countries have not always accepted in equal measure the restraints placed by these provisions upon their freedom of action in the field of commercial policy. This is a fact to which the Canadian Government has drawn the attention of the United States Government on a number of occasions.

As the United States Government is also aware, special problems have been encountered by a number of countries, including the United States, in ensuring a balanced growth of their agricultural economies by means of measures that were in all respects consistent with their existing obligations under the General Agreement on Tariffs and Trade. The United States itself found it necessary in 1955 to seek a broad waiver from its contractual obligations in respect of restrictions on the import of agricultural commodities. Canada, for its part, has made it clear on numerous occasions that it cannot but be sensitive to the policies adopted by other countries in support of their agricultural producers at home and abroad. The Canadian Government considers that such policies have affected Canada's markets for its own agricultural exports and thus the income of its agricultural producers in relation to the other sectors of the economy.

---

[263] Voir/See Document 146.

[264] Notes marginales :/Marginal notes:

You will remember that I cleared this note with you some time ago. The US note to us was initialed by Tyler T[hompson]. L. C[ouillard]

Signed by USSEA 10/1/58 [auteur inconnu/author unknown]

In the light of these considerations and the many particular problems posed for Canadian agricultural producers by the proximity of the United States, the Canadian Government has deemed it necessary to establish price supports for a number of additional agricultural commodities including dried skimmed milk, cheddar cheese and turkeys and fowl, to which reference is made in the Note under reference and in the United States Embassy's Aide Mémoire of August 16, 1957. Controls on imports of these commodities, for which provision is made under Section 5 of the Export and Import Permits Act, were applied either concurrently with the institution of a price support programme or, as in the case of dried skimmed milk, to limit the liability resulting from the institution of such a programme.

The Canadian Government is concerned at the suggestion that it should be thought to have been remiss in the consultations it has initiated with interested countries, including the United States. In the case of the establishment of minimum fixed values for strawberries there was consultation both with the United States and also in the G.A.T.T. under the emergency provisions of Article XIX. There was also advance consultation with the United States and other interested countries in relation to the proposed import controls on dried skimmed milk although subsequent developments compelled the Canadian Government to act quickly and without being able to accommodate the interests of traditional suppliers. It will be recalled, moreover, that when Canadian Ministers visited Washington on October 7 and 8 for the meetings of the Joint United States-Canada Committee on Trade and Economic Affairs, there was a full and frank discussion of the various issues which the United States Ambassador raised in his Note of November 8. It was the assumption of the Canadian Government that these discussions represented the practical limits to which it was expedient for the two Governments to go at that particular juncture. The Canadian Government, however did not at any time preclude such further consultation on the measures taken by it as the Government of the United States might consider desirable. Indeed, the Canadian Government would like to take this opportunity of reiterating to the Government of the United States its willingness to enter upon bilateral consultations in these and similar cases.

The Canadian Government wishes to assure the Government of the United States that it will keep the import controls which have been imposed under continual review in the light of the developing situation in respect of each commodity. It is also giving careful consideration to its position with a view to determining what appropriate steps should be taken, having in mind the interest of other Contracting Parties to the General Agreement on Tariffs and Trade and Canada's obligations and responsibilities in the G.A.T.T. In conclusion, the Canadian Government expresses the hope that Canada and the United States will be able to work out satisfactory solutions to these and other problems which confront the two countries in the field of agriculture.

JULES LÉGER

198. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 29, 1958

Present:
The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer) (for 12:30 meeting only),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton) (for 12:30 meeting only),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne) (for 12:30 meeting only),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Secretary of State (Mr. Courtemanche) (for 12:30 meeting only).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Fournier).

. . .

FOWL; IMPORT CONTROL

26. *The Minister of Agriculture* said that by authority dated November 28th, 1957, the Agricultural Stabilization Board had been authorized to offer to purchase Grade A fowl on the basis of 23 cents per pound for live birds weighing 5 pounds and over until March 31st, 1958. Authority had also been provided, dated July 15th, 1957, for the control of imports of fowl. This control had been continued to date. He said that there had been a marked improvement in the stock position as on April 1st, 1958. Storage stocks, including board holdings, were only 432,000 pounds greater than on April 1st a year before. Since price support had been discontinued on April 1st, fowl marketings in Canada had been 20 per cent lower than during the same period a year before. By reason of the lighter marketings and improved stock positions, fowl prices had remained steady, notwithstanding the fact that there had been no price support in effect.

There had been a decrease in fowl marketings in the United States during the first four months of this year and fowl prices there were currently 6 cents to 7 cents per pound higher than at the time the import control was imposed. Since the U.S. prices were now at least equal to Canadian prices, removal of the embargo would not result in lower Canadian prices.

The Agricultural Stabilization Board were of the opinion that fowl which was a by-product of the egg production phase should be left to find its own market level in relation to other poultry meats. Accordingly he was recommending that a price support on fowl not be re-established and that the import control be removed.

(Minister's memorandum, undated, Cab. Doc. 138-58).†

27. *The Cabinet* approved the recommendation of the Minister of Agriculture that a price support on fowl not be re-established and that the import control be removed.

(An order in council was passed accordingly; P.C. 1958-778, May 30.)

. . .

199. DEA/9816-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM E-1130 Ottawa, September 30, 1958

RESTRICTED. OPIMMEDIATE.

Repeat Permis New York (OpImmediate), Geneva (Information).

TURKEYS

Following is text of Aide-Mémoire, dated September 30, which was left with us this morning by Eichholz of USA Embassy:

"Begins. The Government of the United States wishes to reiterate to the Government of Canada its concern over the continuing embargo on imports of turkeys into Canada. This concern over the embargo on turkeys and other restrictive trade actions taken by the Government of Canada was expressed in the Embassy's Aide-Mémoire of August 16, 1957, and its Note No. 138 of November 8, 1957.

The Government of the United States finds it difficult to reconcile the embargo on turkeys and the manner of its application with Canada's obligation under the General Agreement on Tariffs and Trade.

The Government of the United States hopes that the Government of Canada will reconsider this matter on an urgent basis and will provide for the early removal of the embargo on turkeys because of the approaching holiday season when the requirements of Canadian consumers are normally at their peak.

The Government of the United States is prepared to consult with the Government of Canada on the satisfactory resolution of this problem, and would appreciate an early response by the Government of Canada. Ends."

2. In presenting Note Eichholz said that USA was hoping we might see our way clear to admitting at least turkeys weighing 14 lbs. or less. He also said that pressure on USA Administration in this matter was becoming such that they might have to raise it in GATT.

3. Permis New York please pass to Minister.

200. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 15, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Fisheries
 and Acting Minister of Agriculture (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio
 and Acting Minister of Trade and Commerce (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

TURKEY EMBARGO; U.S. REQUEST FOR EASING OF RESTRICTIONS (PREVIOUS REFERENCE OCTOBER 1)†

8. *Mr. Macdonnell, as Acting Minister of Trade and Commerce*, reviewed the circumstances leading to the imposition of the embargo on turkeys, the representations made by the United States on this subject, and the current Canadian and U.S. turkey situation. The U.S. were concerned about the total embargo and had said that domestic pressure was such that they might not be able to avoid raising the matter at the forthcoming session of the G.A.T.T. in Geneva.[265] They had suggested that an import quota would materially help the situation.

An examination of the production, marketing, and price situations led to the conclusion that, in present conditions, even free entry of U.S. turkeys would be unlikely to drive the price received by Canadian producers below 30 cents per pound, which would be 5 cents above the support price. He considered that some relaxation in the present embargo would be in Canada's interest. Canada was seriously dependent on exports to the U.S. Canada was counting on close U.S. co-operation in the G.A.T.T. in seeking solutions to a number of difficult trade problems. The U.S. itself had not placed a total embargo on any imports. Among those protesting against the Canadian embargo were some good friends of Canada.

---

[265] Voir le volume 24, premier chapitre, 2^e partie, section (B) pour un compte rendu des représentations des États-Unis auprès des fonctionnaires canadiens au sujet des dindes pendant la réunion du GATT de 1958.

See Volume 24, Chapter I, Part 2, section (B) for an account of United States representations to Canadian officials concerning turkeys during the 1958 GATT meeting.

Accordingly, he recommended a quota of one-half million pounds from the U.S. for the balance of 1958 and a quota of one million pounds for each quarter of 1959.

An explanatory memorandum had been circulated, (Minister's memorandum, Oct. 14, 1958 — Cab. Doc. 284-58).†

9. *During the discussion* it was said that the proposal would probably meet the situation in the U.S. However, a quota for the balance of this year would be most disturbing to Canadian producers who had made their plans for the heavy marketing season in the expectation that no imports would be authorized. Moreover, the price was likely to decline before Christmas in any case and it would be wise to avoid action now that would be alleged to have caused the decline. A quota, starting next year, of 500,000 pounds per quarter would be acceptable.

10. *The Cabinet* noted the recommendations of the Acting Minister of Trade and Commerce for the opening of a quota for United States turkeys, and agreed that the U.S. authorities be informed that the government was not prepared to make any change in the regulation affecting the import of turkeys during the current year, but that in 1959, barring unforeseen circumstances, it was the government's intention to introduce a quota.

. . .

---

201. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 24, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

TURKEYS; EMBARGO; U.S. QUOTA FOR 1958 AND 1959
(PREVIOUS REFERENCE OCTOBER 23)†

4. *The Minister of Agriculture* gave some figures on the turkey situation which indicated that, between January 1st and October 11th, 1958, 36 million pounds of turkeys had been marketed in Canada. During the same period in 1957, 25 million pounds had been marketed. Turkey imports during the same period in 1957, had been 6.35 million pounds.

Storage stocks on January 1st, 1958, were 10.8 million pounds and on October 1st, 9.2 million pounds. On January 1st, 1957, the storage stocks had been 16.9 million pounds and 8.48 million pounds on October 1st, 1957.

The hatchings up to date in 1958 were 18 per cent greater than the hatchings during the same period a year ago. It was estimated that marketings for the balance of the present year would amount to at least 48 million pounds, approximately 3.5 million pounds in excess of the marketings during the same period a year ago.

He said that, in view of the 4 per cent decline of turkey marketings in the United States, U.S. prices had shown consistent strength of some 3 cents to 4 cents higher than prices a year earlier. In Canada, however, with the increased marketings, there had been some decline in turkey prices [of] about 3 cents. These changes had narrowed the spread between U.S. and Canadian prices. The delivered cost of U.S. turkeys based on the 40-41 cents wholesale price at Chicago would be 46-47 cents at Toronto. If all import controls were removed, it would have the effect of lowering Canadian prices by about 3 or 4 cents.

The Minister thought that the imports of limited quantities (300,000 pounds) of light-weight or broiler type birds, now in relatively short supply in Canada, should not have any effect on the overall return to producers of medium or heavy-weight turkeys.

5. *During the discussion* the following points emerged:

(a) There was a general consensus that the limited imports contemplated should be permitted. Application of a quota was better than complete control, which in fact might weaken the Canadian case in the G.A.T.T. Already Canadian cattlemen returning from meetings in the U.S. were warning of the attention being paid there to our complete embargo on turkeys.

(b) Light broiler turkeys in Canada were definitely in short supply and a quota of 300,000 pounds from the United States for the balance of 1958 would be beneficial. A quota of 1 million pounds for the year 1959, rather than for each quarter of 1959 as had been previously suggested, should also be considered.

6. *The Cabinet* agreed with the recommendation of the Minister of Agriculture that,

(a) a quota for U.S. light broiler turkeys be set at 300,000 pounds for the balance of 1958;

(b) that a quota of 1 million pounds be established for the year 1959; and,

(c) that an announcement be made with respect to (a) above stressing the fact that a limited quantity of broilers would be imported for the balance of the year in view of the short supply existing in Canada.

. . .

6e PARTIE/PART 6

COMMISSION MIXTE INTERNATIONALE
INTERNATIONAL JOINT COMMISSION

SECTION A

DÉTOURNEMENT DE CHICAGO
CHICAGO DIVERSION

202. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 167-57 [Ottawa], July 31, 1957

CONFIDENTIAL

CHICAGO DIVERSION

Historical Background

In 1889 the Sanitary District of Chicago was formed and by 1900 had completed the construction of the Chicago Sanitary Canal. The canal extended from the Chicago River to the city of Lockport on the Des Plaines River, a distance of 28 miles (see map attached).† A canal depth of 24 feet and a capacity of 10,000 c.f.s. were provided.

Between 1902 and 1920 the amount diverted to the Sanitary Canal varied from time to time but seems to have been authorized at 4,167 c.f.s. An application by the Chicago Sanitary District to the Secretary of War in 1912 for permission to increase its diversion to 10,000 c.f.s. caused considerable uneasiness in Canada. Accordingly protests against any increase in the diversion of water from Lake Michigan were made to the United States Government by Canada in 1912, 1913, 1916, 1921, 1923 and 1924. In 1930 the United States Supreme Court enjoined Chicago from using more than 1,500 c.f.s. from Lake Michigan in addition to domestic pumpage (the total is approximately 3,200 c.f.s.).

In the negotiations leading to the Boundary Waters Treaty of 1909, attempts were made by Canada to take account of the Chicago Diversion but these were unsuccessful. Lake Michigan, under the Treaty of 1909, is not a boundary water but flows into boundary waters. In consequence, the provisions of Article II are applicable to Lake Michigan which means that there are two limitations on the use or diversion of its waters. The first is that Canada may "object" to a diversion of water which would be productive of "material" injury to its navigation interests. The second is that "injured parties" in Canada have the same legal rights and remedies as if the injury took place in the United States.

Various bills to increase the diversion were introduced between 1937 and 1943. All died in congressional committees. Other bills, to increase the diversion by 1,000 c.f.s. for three years on an experimental basis, were introduced between 1952 and 1957. In 1954 and 1956 two bills passed by Congress were vetoed by President Eisenhower. Copies of representations made by Canada are attached.[266]

United States navigation and hydro-electric interests — Great Lakes navigation and State of New York power — have opposed additional diversion at Chicago and are continuing to do so.

Current Developments

In 1957, a similar bill to authorize the Chicago Sanitary District, under the Secretary of the Army, to test the effect of an additional 1,000 c.f.s. diversion on the Illinois Waterway has been introduced in Congress. The purpose of the bill is stated to be to study the effect of such a diversion upon commerce among the several states, navigation on the Great Lakes and the Illinois Waterway and the effects on the level of Lake Michigan. The report is to be made to Congress by 1961 and is to contain recommendations with regard to future diversions.

The Lake Ontario Engineering Board Report (1955) to the International Joint Commission on the effect of the temporary diversion indicated that the maximum reduction in lake levels would be about 5/8 inch but that this reduction would have no significant effect on navigation. It did indicate, however, that the total computed loss in energy to the United States and Canada would be 420,000,000 kilowatt hours spread over 15 years.

On March 11, 1957, the State Department presented to the Canadian Embassy an Aide-Mémoire (attached)[267] stressing the sanitary needs of Chicago, and the possibility provided by the bill before Congress for the United States Public Health Service to study and evaluate water quality conditions in the Illinois Waterway. The State Department enquired whether further diversions of Canadian waters from the Albany basin to the Great Lakes basin could, in addition to the amounts which have been diverted at Long Lac and Ogoki since 1940, be made and it expressed the hope that Canada might refrain from "interposing objections" to the proposed legislation. It suggested that Corps of Engineers and Public Health officials were available to explain what studies would be carried out.

The Provinces of Ontario and Quebec were consulted and they both expressed opposition to the temporary diversion of 1,000 c.f.s. Ontario advised that no additional water could be guaranteed from the Long Lac - Ogoki diversion.

On June 6, 1957, the Canadian Embassy handed an Aide-Mémoire (attached)[268] to the State Department pointing out again that a temporary diversion would be injurious to navigation and hydro-electric generation in both countries and accepting the offer to send representatives of the United States to Canada.

After hearing these representatives on July 9, 1957, the Canadian group (including representatives from Ontario and Quebec) concluded that:

(a) The real purpose of the legislation is to deal with sanitary problems and that additional diversion is not required for navigation on the Mississippi River or the Illinois Waterway.

(b) The United States Public Health representative is *not* convinced of any urgent present health need for additional diversion at Chicago, although there is undoubtedly a nuisance.

(c) The United States Public Health representative believed that other measures for pollution control might be taken such as: separation of storm and domestic sewers; treatment of industrial organic waste at the source; chlorination of effluent; and artificial aeration in the waterway.

---

[266] Voir volume 20, les documents 613, 615 et 616, et volume 23, document 249.
See Volume 20, Documents 613, 615, and 616, and Volume 23, Document 249.

[267] Voir/See Volume 23, Document 253.

[268] Voir/See Volume 23, Document 254.

(d) The representative of the Corps of Engineers and the Public Health Service intend to include in their report an economic assessment and the feasibility of the measures outlined in (c) in addition to their examination of the advantage of using additional diverted water.

There is no assurance that the present bill before Congress will be vetoed by the President. In addition, a two-thirds vote in Congress can override a Presidential veto. The voting so far indicates that those in favour of the pending legislation approximate two thirds. Furthermore, if the bill were vetoed there is the possibility that next year a new bill providing for a permanent diversion of a larger volume of water might conceivably be introduced and passed even over a Presidential veto.

The Advisory Committee on Water Use Policy has examined the matter and is of the view that any representations made to the United States should take into account the precedent that might be created as regards the Columbia River. In each case, the waters which would be diverted are wholly within the jurisdiction of one country. A Canadian "protest" on grounds of navigation in the Chicago case would undoubtedly be invoked as a precedent against Canada in the Columbia (or Yukon) case where navigation rights are also involved.

There would seem to be three main possible courses of action:

(a) to oppose the diversion formally and forcefully,

(b) to cease "interposing objection" as requested by the United States (see page 2),

(c) without specifically objecting or not objecting, to assume that the proposed legislation will be enacted and to express Canadian understanding that the investigation of all possible alternative measures for dealing with sewage including industrial waste will be carried on simultaneously; to reserve all Canadian rights of action for damages (including loss of power in Quebec as well as in Ontario), to suggest compensation to Ontario hydro-electric interests for any compensatory water introduced into the Great Lakes system; to maintain the position already taken of pointing out the damage that will accrue to *both* countries; and to emphasize that the sanitation problem is a domestic one for the United States to solve.

There are risks inherent in following either course (a) or course (b). If diversion is opposed outright and the United States goes ahead with its proposed legislation, course (a) may, without any gain on the Chicago question, injure the Canadian position on the Columbia River where we shall undoubtedly wish to maintain that diversion of waters within Canada is a matter of exclusively domestic jurisdiction. If a position of firm opposition is to be taken eventually it would be better for Canada to choose its time and have a showdown on the issue in 1961 when the question of a permanent diversion will undoubtedly arise. In fact, for the next several years there would be comparatively little injury caused to Canadian hydroelectric interests in Ontario and Quebec for several fortuitous reasons. At Niagara the United States has not yet rebuilt the Schoellkopf plant and in consequence Ontario Hydro is using as much of the American share of the water as it can handle. At Barnhart the generators will not be in full operation until 1959. At Beauharnois the additions proposed by Quebec Hydro will not be completed for several years. With respect to course (b), silence or simple acquiescence might seem to exhibit a weakness in the Canadian position and encourage Chicago to make greater and more insistent demands.

Accordingly, course (c) would appear to be best. It has several specific advantages:

(a) The showdown on Chicago would be deferred until about 1961. In the meantime comparatively little injury would be done to Canadian hydro interests whereas in 1961 immediate injury could readily be proved;

(b) During the next four years the problems associated with Article II of the Boundary Waters Treaty in relation to the Columbia and Yukon Rivers should be settled. Accordingly Canada would approach the Chicago Diversion in 1961 freed of present inhibitions with respect to Article II;

(c) Present indications are that the report of the United States Public Health Service will state that Chicago has not exhausted all the possible measures for dealing with waste disposal and that, in fact, there are measures which could be taken which would be more efficient than mere dilution. The report of the United States Public Health Service might turn out to be a very strong argument in support of Canadian opposition to any further substantial diversion from Lake Michigan at Chicago after 1961.

Recommendation

The Secretary of State for External Affairs with the concurrence of the Minister of Northern Affairs and National Resources recommends that an Aide-Mémoire along the lines of the attached draft be delivered to the State Department immediately.[269]

JOHN G. DIEFENBAKER

[PIÈCE JOINTE/ENCLOSURE]

Projet d'un aide-mémoire

Draft Aide-Mémoire

Useful conversations between United States and Canadian officials were held in Ottawa on July 9, 1957 on the subject of the sanitation problems which give rise to the proposed legislation for a three-year temporary diversion of 1,000 cubic feet per second from the Great Lakes system at Chicago to the Mississippi system and on the subject of studies to be carried out under the proposed legislation.

The Canadian Government understands that if the legislation is enacted these sanitation studies will not be limited to evaluating the effects of dilution but will include consideration of all possible measures for dealing with waste disposal facilities at Chicago. Such measures would include:

(a) complete separation of storm sewers from the domestic sewerage system or expansion of the existing treatment facilities to serve a total combined flow;

(b) treatment of organic wastes in industrial plants before discharging these effluents into the sewerage system;

(c) chlorination of effluent before discharge into the Illinois Waterway; and

---

[269] Le 5 septembre 1957, le Cabinet a convenu qu'il faudrait faire connaître aux États-Unis les vues du gouvernement « along the lines suggested by the Prime Minister and that the proposed aide-mémoire for delivery to the U.S. be redrafted in slightly stronger language. » L'aide-mémoire révisé, dont le libellé a été très légèrement modifié, a été remis au département d'État le 6 janvier 1958.

On September 5, 1957, Cabinet agreed that the government's views should be made known to the United States "along the lines suggested by the Prime Minister and that the proposed aide-mémoire for delivery to the U.S. be redrafted in slightly stronger language." The revised aide-mémoire, which contained very slight changes in language, was delivered to the Department of State on January 6, 1958.

(d) artificial aeration of the Waterway.

The treatment of sewage in the Chicago area is, of course, a matter entirely within the jurisdiction of the competent legislative bodies within the United States. It is understood that present treatment of waste represents a vast improvement over conditions which existed in former years and that under the present day uses of the water the waste is more a nuisance than a menace to the public health in the area.

In considering the economics of improved waste disposal, it is assumed that full consideration will be given to the economic harm which may be done to navigation and hydroelectric generation in both countries.

It is not possible to give a firm undertaking to provide flows of a particular volume through the existing Long Lac and Ogoki diversions to the Great Lakes basin during the three-year period envisaged by the United States legislation. However, if it were possible to offset part of the effects of the Chicago diversion by inflows from the Albany basin in Canada, it would seem equitable that an equivalent amount of water should remain available for use in hydro-electric power generation by the Ontario interests at St. Marys Falls, Niagara Falls and in the International Section of the St. Lawrence River until the effects of the temporary diversion will have ceased to be felt in the Great Lakes system.

All rights under the provisions of the Boundary Waters Treaty of 1909 are specifically reserved.

---

203. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

UNCLASSIFIED [Ottawa], July 29, 1958

CHICAGO DIVERSION

Senate hearings on a Bill to authorize Chicago to divert an additional 1,000 cubic feet of water per second from Lake Michigan were opened in Washington on Monday, July 28. Early in the proceedings the Canadian Aide-Mémoire of January 6, 1958 was introduced into evidence.

Similar legislation has been introduced in Congress in the past and, even when approved by both Houses, has been vetoed by the President. On these past occasions Canadian protests and the need for consultation with Canada have been cited by the President as contributing to his decision to exercise his veto power.

In July 1957, discussions took place in which interested Canadian officials examined the matter along with U.S. engineers and Health Department officials. Out of these discussions and subsequent consultations with Hydro-Electric Power authorities of Ontario and Quebec, the Seaway Authority and interested government departments, a satisfactory text for the Canadian Aide-Mémoire was eventually worked out. (Text attached).

This Aide-Mémoire does not explicitly oppose the proposed three-year diversion, it being understood that the extra water is to be used for experimental purposes in order to improve Chicago's waste disposal facilities for both sewage and industrial waste. It is believed that if these experiments are pressed forward conscientiously it will become apparent that the solution to Chicago's waste disposal problems does not lie in increasing the amounts of its diversion of water from Lake Michigan but rather in making use of other techniques.

Article II of the Boundary Waters Treaty of 1909 reserves to each country the exclusive control over water which would flow into boundary waters. However, if any injury results on the other side of the boundary, the injured parties have the same legal remedies as if the injury took place in the country in which the diversion occurs. There is no jurisprudence on this Article.

Article II of the Treaty further provides for the maintenance of each country's right to object to any diversion "on the other side of the boundary the effect of which would be productive of material injury to navigation interests on its own side of the boundary."

Considerable opposition to the Bill has been building up in the United States. The Lake States and certain Lake communities have sought, unsuccessfully, a Supreme Court injunction to restrain Chicago from making any further diversion from Lake Michigan. These same interests are expected to present briefs during the Senate hearings opposing the proposed legislation.[270]

J. L[ÉGER]

---

204. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

RESTRICTED [Ottawa], August 1, 1958

CHICAGO DIVERSION

The State Department has been asked to present its views to the Senate Committee on Public Works, which is holding hearings on the Chicago Diversion Bill. The Committee has specifically asked the State Department what Canada's attitude would be to a one-year temporary diversion of 1,000 cubic feet of water per second from the Great Lakes at Chicago. In reply the State Department intends to say that they "understand that the Canadian Government would have no objection to such a proposal."

When asked by Mr. Rewinkel of the American Embassy here whether such an interpretation was warranted, we said that such a statement seemed to derive from our aide-mémoire of January 6, 1958. In short, on the assumption that the bill would be approved, we had pointed out that the extra water would be used for conducting experiments, in close consultation with the U.S. Public Health authorities, aimed at improving Chicago's waste disposal facilities.

J. L[ÉGER]

---

[270] Note marginale :/Marginal note:

Question by Mr. Murphy asked on July 30th on this matter. SE S[mith]

205. DEA/1760-B-40

L'Ambassade aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Embassy in United States
to Under-Secretary of State for External Affairs

LETTER NO. 1278 Washington, August 27, 1958

UNCLASSIFIED

CHICAGO DIVERSION

As reported to you by telephone, the Senate finally considered H.R. 2 on August 22 and 23 and took the following actions. It adopted (by 29 yeas to 28 nays, with 39 not voting) an amendment proposed by Senator McNamara providing for a diversion of one year's duration instead of three years. It rejected (by 28 yeas to 30 nays) a motion proposed by Senator Potter to table a bill (which would have put an end to the debate and provoked a final vote) and it also rejected (in a tie vote of 28 yeas to 28 nays) the tabling of a motion proposed by Senator Douglas to re-commit the bill to the Committee on Public Works with instructions to report it back immediately with Senator McNamara's amendment removed. An amendment proposed by Senator Proxmire providing for the study of the effects of the diversion on Lakes Erie, Huron and Ontario was still pending when the Senate adjourned.

2. For all purposes, Senator McNamara's amendment killed the bill. There was obviously no time left before the end of the session to refer HR 2 back to the House of Representatives and to complete action on the bill. Senator Douglas' counter move to save it failed to obtain a majority and thus HR 2 was shelved by the 85th Congress.

3. The debates on the floor of the Senate were lively and up to the last minute the fate of the bill hung in balance. Although these debates do not appear to have brought up any new issue, its main points may be worth recording briefly:

(i) The position of Canada towards the bill gave rise to considerable discussion. The proponents of the bill referred to the letter of August 1 from the Assistant Secretary of State, William B. Macomber, jr., to Senator Neuberger, which stated that Canada did not object to the bill. On the other hand, Senator Wiley argued that he had been informed by the Head of the American Division of External Affairs that Canada had not agreed to the diversion. No one seemed clearly to realize that the two statements did not contradict each other;

(2) A number of questions were raised about the precedent which the additional diversion by Chicago of Lake Michigan waters would create for a possible diversion of the Columbia River by Canada;

(3) The effects of the proposed additional diversion on the levels of the Great Lakes provoked considerable debate; several senators wondered about the compatibility of HR 2 with the U.S.-Canada Boundary Waters Treaty;

(4) Chicago was criticized for an alleged failure to treat its sewage adequately. Senator Proxmire produced statistics which indicated that Chicago wastes after sewage treatment had increased from 6.4% to 14.4% between 1952 and 1957. Senator Proxmire argued that all that Chicago needed to do was to bring back its sewage treatment to 1952 efficiency;

(5) The drafting of the bill also drew a good deal of criticism. Its opponents argued that while diversion would only take place for a period of one year, the bill provided for a

three-year diversion. It was to remove this anomaly that Senator McNamara proposed his amendment which, in the end, sealed the fate of this draft legislation.

4. Copies of the Congressional Record for August 22 and 23 have been sent to you by bag. The debate on the proposed diversion from Lake Michigan would appear worth reading in full.

S.F. RAE

SECTION B

RÉFÉRENCE — POLLUTION DE LA RAINY RIVER
RAINY RIVER POLLUTION REFERENCE

206. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 19, 1957

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
  and Acting Minister of Defence Production (Mr. Green), (for morning meeting only)
The Minister of Veterans Affairs (Mr. Brooks), (for morning meeting only)
The Minister of Transport (Mr. Hees), (for morning meeting only)
The Solicitor General (Mr. Balcer), (for morning meeting only)
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice
  and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr), (for morning meeting only)
The Postmaster General (Mr. William Hamilton), (for morning meeting only)
The Minister without Portfolio (Mr. Macdonnell),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Leader of the Government in the Senate (Senator Haig).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

POLLUTION OF RAINY RIVER AND LAKE OF THE WOODS; REFERENCE TO INTERNATIONAL JOINT COMMISSION

33. *The Secretary of State for External Affairs* reported that, in April 1954, the U.S. Embassy had sent a note to the then Secretary of State for External Affairs suggesting that a reference be made to the International Joint Commission directing the commission to make an investigation of alleged pollution of Rainy River in the vicinity of International Falls, Minnesota, and Fort Frances, Ontario, and to submit a report to the two governments

with recommendations for remedial measures. In July, 1954, the Province of Ontario was asked to comment on the proposed reference.[271] Because of a lack of administrative and executive machinery to work towards a solution of the problem, Ontario made no reply. The province had since passed the necessary legislation, established the Ontario Water Resources Commission, and was in a position to act on the report.

In March of this year, the U.S. Embassy sent a note re-affirming the desire of its government to proceed with the suggested reference and mentioning the Lake of the Woods in addition to Rainy River. In April, the Premier of Ontario, having been asked to comment on the further U.S. proposal, replied that his government would welcome a reference to the commission in this matter and pointed out that the reference should extend to pollution arising on both sides of the International Boundary, including that caused by industrial waste.

The Minister recommended that the United States be informed of the agreement in principle of the Canadian government to the proposed reference.

An explanatory memorandum had been circulated, (Minister's memorandum, Oct. 7, 1957 — Cab. Doc. 255-57)†

34. *The Cabinet* noted the report of the Secretary of State for External Affairs and agreed that the United States be informed of the agreement in principle of the Canadian government that a reference be made to the International Joint Commission, under Article IX of the Boundary Waters Treaty of 1909, directing the commission to make an investigation into the pollution of waters of Rainy River and the Lake of the Woods; it being understood that the reference would extend to pollution arising on both sides of the International Boundary, including that caused by industrial waste.

. . .

7ᵉ PARTIE/PART 7

FLEUVE COLUMBIA
COLUMBIA RIVER

Note éditorial

Editor's Note

Les fonctionnaires canadiens ont accordé une très grande attention à la question du fleuve Columbia au cours des dix-huit premiers mois de l'administration Diefenbaker. Le Comité du Cabinet sur les problèmes du fleuve Columbia a été constitué et s'est réuni neuf fois entre septembre 1957 et décembre 1958. Le 20 décembre 1957, le Comité du Cabinet a mis sur pied un Comité des études économiques du développement du fleuve Columbia. Sous la direction du Général A.G.L. McNaughton, le Comité s'est réuni quatorze fois avant de publier le 24 novembre 1958 un rapport sur les ramifications économiques et les besoins techniques du développement du bassin du fleuve Columbia. Une grande partie de la documentation relative au Comité du Cabinet et au Comité économique est très technique et n'est pas par conséquent imprimée dans le présent volume. Les documents imprimés ici ont trait principalement aux communications intergouvernementales concernant les questions de procédure et juridictionnelles entre les fonctionnaires représentant les gouvernements fédéraux canadien et américain et le gouvernement provincial de la Colombie-Britannique. Les procès-verbaux des réunions du Comité du Cabinet et du

---

[271] Voir volume 20, les documents 609 à 611./See Volume 20, Documents 609-611.

Comité économique et une copie du rapport du Comité économique figurent dans le dossier MAE/5724-1-40.

Canadian officials devoted a great deal of attention to the Columbia River issue during the first eighteen months of the Diefenbaker government. The Cabinet Committee on Columbia River Problems was struck and met nine times between September 1957 and December 1958. On December 20, 1957, the Cabinet Committee established a Committee on Economic Studies of the Columbia River Development. This Committee, under the direction of General A.G.L. McNaughton, met fourteen times before issuing a report on November 24, 1958 on the economic ramifications of and engineering requirements for the development of the Columbia River basin. Much of the documentation relating to the Cabinet Committee and the Economic Committee is highly technical and is, therefore, not printed in this volume. Documents that are printed here relate primarily to intergovernmental communications concerning procedural and jurisdictional issues among officials representing the Canadian and American federal governments and the provincial government of British Columbia. Minutes of both the Cabinet Committee and Economic Committee meetings and a copy of the report of the Economic Committee are located on DEA/5724-1-40.

207. DEA/5724-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 11, 1957

COLUMBIA RIVER PROBLEMS

I am attaching a memorandum covering a call made by one of the Secretaries of the United States Embassy on the Head of American Division on the afternoon of December 10 with respect to the Columbia River. The following main points emerged:

(a) As a result of this approach by the United States, which was made under specific instructions, one may conclude that they are anxious to proceed with actual negotiations. At no time previously has there been such a frank approach made by the Americans to the question of actual negotiation with respect to the Columbia River. One may assume that they are feeling a good deal of pressure from political sources and desire to be able to report that active negotiation with Canada is, in fact, in progress.

(b) The United States wishes to proceed with discussions in diplomatic channels while holding open the facilities provided by the International Joint Commission for discussion of certain aspects of the problem. The onus to issue an invitation to discuss matters lies with the Canadian Government as the understanding was that meetings would be held alternately in Washington and Ottawa.

(c) The Government will have to be prepared to take a comparatively firm public stand with respect to the Libby Dam Application in the near future.

(d) If you do not disagree with the suggestion put forward by the Head of the American Division that the United States should clarify its proposals with respect to compensation for downstream benefits it will lie upon the United States to make the first concrete offer.[272]

2. It is recommended for your approval that copies of this memorandum and its enclosures be forwarded to the Secretary of the Cabinet Committee on Columbia River Problems for distribution to the members of that Committee.[273]

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Note du chef de la Direction de l'Amérique

Memorandum by Head, American Division

CONFIDENTIAL [Ottawa, December 10, 1957]

COLUMBIA RIVER

Mr. Delmar Carlson of the United States Embassy called on me by appointment on the afternoon of December 10. The occasion of his visit was to deliver a copy of a letter dated December 5, 1957, from the Chairman of the Canadian Section of the International Joint Commission (copy attached).† The letter sets out certain elements in the engineering proposal put forward by the Chairman of the Canadian Section at the IJC meeting on October 4, 1957, which would not be acceptable to the United States for engineering reasons. The letter goes on to point out that adverse public opinion is also a factor with respect to certain of the engineering proposals. In consequence, the letter suggests that an executive session of the IJC be held at an early date and also requests the current position of the Government of Canada on the proposed Libby Application. The final two paragraphs of the letter state that the United States Section is eager to advance Columbia River studies including Libby, and reiterates that "we continue to favour equitable participation in the costs of headwater improvements beneficial to both Canada and the United States."

2. Mr. Carlson explained that he was acting under direct instructions in bringing this letter to the attention of the Canadian Government and in making certain comments with respect to it. At my request he has incorporated the main comments in a letter to me dated December 11, 1957.†

3. At the outset Mr. Carlson requested confirmation that the views put forward by General McNaughton on October 4 were not firm views of the Canadian Government. I repeated what I had told his predecessor, Mr. Dubs, on October 8, that General McNaughton was being precise when he said in the Commission that he spoke for himself and his fellow Commissioners. As Mr. Carlson knew, the Canadian Government had always treated the Commissioners as being an independent quasi-judicial body, although we understood that the United States attitude was different. Mr. Carlson immediately confirmed that the United States Commissioners acted directly under instructions from the State Department.

4. The first point which Mr. Carlson wished to emphasize was that under no circumstances should the above-mentioned letter be interpreted as a rebuff or a desire to break off negotiations. Indeed, the United States Government wished to continue examination of the

---

[272] Note marginale :/Marginal note:
I concur. SE S[mith]

[273] Note marginale :/Marginal note:
Could we discuss this with the Hon Minister for Northern Affairs or his officials. [Sidney Smith]

Columbia question with the Canadian Government. Several times during the conversation he re-emphasized the concern of the State Department lest the Canadian Government should, under domestic pressures, make decisions as to the future use of the Columbia and Kootenay Rivers without first having discussed the matter with the United States.

5. Mr. Carlson said that the United States was ready at any time to resume active discussion at the diplomatic level. The United States had concurred in our proposal of May 20[274] to establish contact groups and indeed they might constitute an advantageous approach to the problem. He went on to say that the United States had been greatly encouraged by the indication at the meeting that a co-ordinated development would be considered and that other possible alternatives would be compared with it.

6. As a particular matter, Mr. Carlson said that a decision on the Libby Dam Application was of great importance to the United States. He pointed out that whatever the engineering situation might seem to be, public opinion in the area is very strong and it would probably be impossible for the United States Government to support any development which made Libby impractical. I told him that it was not easy to separate Libby from the whole development but that it might be possible to give some prior consideration to it if there was an indication that the consideration of the whole scheme was going ahead. It was clear, I emphasized, that there was an advantage to Canada in diverting water from the Kootenay to the Columbia River for use on the main stem in Canada and also if diversion took place to the Thompson-Fraser system, but that, of course, this advantage would have to be balanced against a substantial proposal for compensation with respect to Libby.

7. In regard to the desire to ensure that the Canadian Government would not make any decision without prior discussion with the United States, I said that I was speaking entirely without instruction, but that it was obvious that the way to keep the door open was to make a specific proposal. In this connection it seemed to me that before arranging an executive session of the International Joint Commission to hear the current position of the Government of Canada on the Libby Application, it would be of great advantage if the United States would provide through diplomatic channels a more specific elaboration of the offer made by United States Counsel with respect to the Libby Application on October 4, 1957. Such a proposal should not be a preliminary bargaining position which might be so limited that the Canadian Government would decide not to discuss or bargain further. At the same time, it should, of course, not be a final take-it-or-leave-it offer. It seemed to me, and with this Mr. Carlson agreed, that the proposal should be a substantial offer but negotiable.

8. I added that it would be most helpful if the United States could find it possible to indicate whether their Libby formula or elements of it could be considered as of general applicability for the purpose of calculating the amount to be paid for downstream benefits. In this connection, I mentioned that it might be of some assistance if they realized that the floor level of any offer must be the Kaiser offer made to British Columbia several years ago. Indeed, it would be necessary in any proposal with respect to Libby and with respect to the entire Columbia system that the proposal be of such a forthcoming nature that the Government of British Columbia could not under any circumstances refuse to accept it when it was presented to them by the Dominion Government.

9. It was agreed that if and when State Department is in a position to make any elaboration of their offer with respect to Libby or provide an indication of a general formula for calculation of downstream benefits, the communication would be between the Ambassador

---

[274] Voir/See Document 23, Document 282.

and the Under-Secretary. The level of the present communication had been decided by the Embassy for purposes of speed and convenience.

J.H. CLEVELAND

---

208. DEA/12355-40

Note du chef de la Direction de l'Amérique
pour le sous-secrétaire d'État adjoint aux Affaires extérieures
et conseiller juridique

Memorandum from Head, American Division,
to Assistant Under-Secretary of State for External Affairs
and Legal Advisor

SECRET [Ottawa], February 11, 1958

COLUMBIA RIVER NEGOTIATIONS

Mr. Carlson of the United States Embassy called on me this afternoon to discuss matters concerning the Columbia River.

2. He began by referring to a press report of mid-December in the *Vancouver Province*,[275] which stated that the Government favoured diversion to the Fraser River and that Mr. Fulton in particular was in favour of this proposal. I said that in my view the report was purely speculation. As the conversation proceeded, Mr. Carlson said that the *Vancouver Province* on previous occasions had carried similar articles indicating support for diversion from the Columbia to the Fraser. At one time Mr. Carlson had been told in confidence by a member of the staff of the *Vancouver Province* that the material for these items had in fact been obtained from General McNaughton. I commented that perhaps Mr. Carlson was in the best position then to answer his own question.

3. Mr. Carlson then enquired about the composition and terms of reference of the economic committee to which General McNaughton had referred at the October meeting and which, at the January meeting, he said had now been established by Cabinet. I said I was not aware of the terms of reference but that the committee was composed of officials from four Government Departments. It was my understanding that the committee was functioning under the Canadian section of the International Joint Commission and that the probable reason for having to get ministerial authority was that officials from Government Departments were being used. As to the time at which the committee's report would be available, I hazarded the guess that by the time it was prepared and considered it would probably coincide with the rendering to the Commission of the report of the Columbia River Engineering Board.

4. In discussing the recent IJC meeting in New York I said that there seemed to be two different approaches to the question of compensation for downstream benefits put forward by United States Commissioners McKay and Weber. I referred to particular statements made by each of them and indicated that my personal preference was for the approach made by Mr. Weber. Mr. Carlson later in the conversation indicated that he too felt that this was the approach which held out greater hope for agreement, particular in the context of the Libby Dam project. I asked whether either approach reflected U.S. government's thinking. This question led into the next topic.

---

[275] Voir/See *The Province*, December 14, 1957, p.1.

5. On a strictly unofficial and personal basis, he confided that as a result of his report on our talk on December 10, 1957, an aide-mémoire is being drafted in Washington. Most of the departments and agencies concerned have already accepted it although it still has some hurdles to overcome, particularly the Department of the Interior. His understanding is that the aide-mémoire will be limited in the first instance to compensation with respect to the Libby Dam project. It would, however, endeavour to set out the general principles of compensation. It would then propose that the two Governments name representatives to meet together and discuss in greater detail possible formulae for compensation.

J.H. CLEVELAND

---

209. DEA/5724-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET [Ottawa], April 3, 1958

COLUMBIA RIVER

I am attaching for your signature, if you agree, a draft of a letter to the Chairman of the Cabinet Committee on Columbia River problems. You may recall that the decision to send such a letter developed from discussion at a meeting with Messrs. N.A. Robertson and R.B. Bryce on January 3, 1958. The first draft of this letter was sent to Washington and the Ambassador's comments which have now been incorporated were received at the end of January.

2. The main purpose of the letter is to obtain authority of the Cabinet Committee to resume openly and actively talks with the United States on the diplomatic level in order to find out what sort of an offer the United States will make with respect to the benefits arising downstream from the storage and regulated release in the Canadian portion of the Columbia and Kootenay Rivers.

3. In fact, we have been informed by the Americans that they are working on a possible proposal in consequence of the suggestion made by the Head of American Division on December 12, 1957 (memorandum attached).†

4. The Canadian Government cannot evaluate or compare various possible engineering proposals without some indication of the sort of payment which the United States would be willing to make for the benefits received downstream both in terms of flood control and increased power production. It is not necessary to have the actual dollars and cents or kilowatt figures at this time. What is important is to find out and, if possible, influence the basis of the calculation on which their payment would be made. Whether on the one hand the amount offered would be contemptuous or, on the other hand, substantial, will undoubtedly influence the decision of the Canadian Government. Furthermore, the form of payment contemplated may greatly influence the decision, e.g. it might include any one or any combination of the following:

(a) cash (in terms of a constant dollar); by payments either in a lump sum or by annual installments;

(b) energy delivered at certain points;

(c) trade concessions, e.g. B.C. lead and zinc, aluminum, oil;

(d) territorial concessions, e.g. Panhandle access routes, Dixon Entrance and Hecate Strait.

5. I understand that a subcommittee of the Cabinet Committee met in mid-December and authorized the establishment under the Chairman of the Canadian section of the International Joint Commission of a group for the purpose of preparing a report on what should be obtained by Canada in return for the benefits received downstream in the United States. The deliberations of this group should not, in our view, delay discussions with the United States seeking to find out what basis for calculation the Americans have in mind. In any event, it is not clear whether this economic group has been authorized to assist the Canadian section of the IJC in evaluating the engineering reports which it will receive later this year or whether the Cabinet Committee hopes to make use of the economic group report in its own consideration of Columbia River problems.

6. I may say that in the meantime an officer of the United States Embassy has suggested that some off-the-record discussion might take place in Washington at the time of the IJC meetings April 8-11. The purpose of these discussions would be to provide an opportunity for an exchange of views among officers of the Department of State and External Affairs, including the respective embassies, with respect to the present status of negotiations and the best means of proceeding in the immediate future.

7. I may point out that in paragraph 4 of the attached letter subsections (b) and (c) are not proposals essential to External Affairs. They have been included to indicate the general setting within which our own recommendation is placed. We do, however, feel that Ministers may wish to receive their engineering information direct rather than predigested.

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Projet de lettre du secrétaire d'État aux Affaires extérieures
au chef du Comité du Cabinet
sur les problèmes du Fleuve Columbia

Draft Letter from Secretary of State for External Affairs
to Chairman, Cabinet Committee
on Columbia River Problems

SECRET Ottawa, April __, 1958.

My dear Colleague:

On December 18, 1957, some documents were distributed to the Committee including a copy of a letter dated December 11, 1957, from an officer of the United States Embassy to the Head of the American Division of this Department, confirming a communication made in person the previous day. In part the letter reads; "The United States stands ready to resume discussions on trans-boundary waters which were proposed by the Canadian Government in March of 1956."[276] It is now necessary to reply.

I would urge that the Committee recommend to Cabinet that the Department use the appropriate diplomatic channels in order that three things may be accomplished. In the first place, it is most important that we disabuse the minds of the Americans of the impression which they have received that the Canadian Government has already made up its mind to proceed with diversion to the Thompson-Fraser system. This conviction on the part of the

---

[276] Voir/See Volume 23, Document 272.

United States can mean that development will take place on their side of the border which will be inconsistent with any co-ordinated development which Cabinet might decide to favour when all the engineering reports have been received. Secondly, our failure to carry on acting discussions with the United States and British Columbia may result in a joining of forces by these two parties which would place the Dominion Government in an embarrassing position. In the third place, no evaluation of the various possible schemes for development and use of the waters of the Kootenay and Columbia Rivers can take place until there is adequate indication by the United States Government as to what compensation it would be willing to make in return for the benefits received downstream in consequence of Canadian upstream storage and regulated release.

I am not suggesting that discussions with the United States should proceed in priority to other aspects of the consideration of Columbia River development. My suggestion is that the several aspects should proceed in parallel.

It would seem therefore that the following points should be considered by the Committee:

(a) The United States' suggestion to carry on with discussions through diplomatic channels. Should diplomatic discussions be pursued with the United States as to compensation for downstream benefits and other international aspects?

(b) Examination of existing engineering information. In this connection, should the Committee have appear before it those Canadian engineers who are familiar with Columbia River problems, e.g. representatives of Montreal Engineering Company and British Columbia Engineering Company, Department of Northern Affairs and National Resources and Canadian members of the International Columbia River Engineering Board?

(c) Establishment of a continuing channel with the Province of British Columbia in order that discussions may take place with the Provincial Government concerning matters of construction and financing. As the ultimate responsibility for development will lie with the Provincial Government, should not care be taken at all stages to ensure that an otherwise well-developed scheme is not capriciously vetoed by a sensitive provincial administration?

The International Joint Commission will, of course, at the same time be continuing its preparation of a recommendation with respect to the use of the waters of the Columbia River basin in accordance with the terms of the 1944 Reference.

Yours sincerely,

SIDNEY SMITH

---

210. DEA/5724-40

Le secrétaire du Comité du Cabinet
sur les problèmes du Fleuve Columbia
au secrétaire d'État aux Affaires extérieures

Secretary, Cabinet Committee
on Columbia River Problems,
to Secretary of State for External Affairs

SECRET Ottawa, April 21, 1958

Dear Mr. Smith:

Mr. Hamilton has wired instructions from Geneva to send a copy of the enclosed letter from the Honourable Ray Williston, Minister of Lands and Forests for British Columbia, and a copy of your recent letter on the Columbia River, to each member of the Committee. He hopes to be able to have a meeting of the Committee as soon as possible after his return from Geneva.

Sincerely yours,
K. KRISTJANSON

[PIÈCE JOINTE/ENCLOSURE]

Le ministre des Terres et des Forêts de la Colombie-Britannique
au ministre des Affaires du Nord et des Ressources nationales

Minister of Lands and Forests of British Columbia
to Minister of Northern Affairs and National Resources

[Victoria], April 1, 1958

Dear Mr. Hamilton:

As you are no doubt aware, the International Joint Commission met in Executive Session in New York on January 16, 1958, at which time the main subject of discussion concerned matters relating to the 1944 Columbia River Reference[277] General McNaughton has very kindly sent me a copy of the verbatim record of the discussions which took place and now that I and members of my staff have had an opportunity to study this record, I feel that you would wish to be made aware of our reactions.

I must stress to you that I am very disturbed by certain of the implications that arise out of these discussions, particularly with regard to statements made from time to time by members of the Canadian Section of the Commission. It is not my intention, nor is it necessary to raise every item of the I.J.C. discussions that we question or upon which we disagree but I do feel it is essential that our position in regard to the main points affecting the Province should be clarified at this time.

I might say first of all that the general impression gained from reading the proceedings was that the International Joint Commission was approaching towards some stage of negotiation for international agreement on the development of the Columbia River. It seemed that considerable discussion took place with this in mind, to explore the various avenues that might be followed in presenting each country's viewpoint and how these viewpoints could be reconciled to arrive at an equitable arrangement which would be satisfactory to the two national Governments.

As you know, my Government is equally interested in reaching a solution to the international problems associated with the Columbia River development but I must re-iterate, as I have in previous correspondence with you, that any arrangements in this respect between Canada and the United States must also be entirely satisfactory to British Columbia.

This is one of the matters that has caused me considerable concern in reading the I.J.C. proceedings. On pages 8 and 12 of the proceedings, General McNaughton refers to various committees, particularly a committee of economists, authorized by the Canadian Government to carry out studies and determine the value of recompense that Canada must receive from use of Canadian storage. Again on page 53, General McNaughton proposes that arrangements for operation and management of agreed-upon storages be entrusted to the I.J.C. and administered through a Board of Control under the jurisdiction of the I.J.C. Further, in referring to the Canadian plans for development, General McNaughton speaks of "our plan" as if British Columbia were in full agreement with the proposal which the Canadian Section of the I.J.C. has put forward from time to time. Also on pages 26 and 84, General McNaughton refers to a "package deal" of arrangements that can be recommended to both national governments.

---

[277] Voir/See Volume 11, Document 1077.

As I see it, one of the main dangers that we have to face as Canadians dealing with another national government on these matters is that of not having a completely unified front. I believe in this regard that the Governments of British Columbia and Canada must be in full and complete agreement on the plans of development to be adopted and the arrangements that are desired. Otherwise, with the control of the resource a provincial responsibility, and with negotiations being carried out through Federal channels, we may find ourselves in the embarrassing and greatly weakened position of being in opposition on points which are placed before the United States at some stage of the negotiations.

Going back to the items on which I have expressed concern, it would appear logical to me that the Province should have representation on any committees set up by the Government of Canada to study these matters, such as the economic committee referred to by General McNaughton, in order that the British Columbia position can be taken into consideration at all times. Also, before the Canadian Section of the I.J.C. makes any further specific offer to the U.S. Section, such as the raising of Grand Coulee Dam to flood back to Trail, or building Libby to flood 37 feet at the boundary, the Province should be consulted beforehand and an agreement reached that such an approach is in the interest of both parties.

As I have informed you previously, the Province is carrying out an exhaustive, comprehensive study of the hydro resources of the Columbia in Canada, and the plans of development which are being evolved in the Provincial interest may not agree with those which have been put forward by the Canadian Section of the I.J.C. from time to time. In this regard, on pages 78 and 79, General McNaughton states that assurance has been given, presumably by the Federal Government, that a high dam would not be built to flood the Arrow Lakes valley and on the basis of this the Arrow Lakes project has been eliminated from the later studies of the International Columbia River Engineering Board without previous discussion with the Province, and in spite of the fact that the Province had indicated that the project should be included in these studies which were designed to determine ultimate international plans from an economic and engineering point of view.

In contrast, the Canadian Section of the I.J.C. suggests the diversion of the Kootenay River to the Columbia River by means of a series of dams and reservoirs involved in the Dorr - Bull River - Luxor combination which would wipe out the existing and potential economy of almost the whole of the East Kootenay and much of the Upper Columbia valleys. Many more people, settlements, important provincial communications and a greater potential economy would be destroyed by this development than by the flooding of Arrow Lakes. The Province believes that while some diversion of the Kootenay River is probably in the provincial interest, it also believes that it can and should be accomplished without the great losses which would be involved in the proposals of the Canadian Section of the I.J.C. The policies relevant to flooding have not been discussed and as you can understand, the associated problems can be more complex than are indicated by the straight economics involved.

With regard to General McNaughton's statement that the operation and management of storage projects under international agreement should be entrusted to the I.J.C. and administered under a Board of Control, again I must express disagreement because, and I am sure you will agree, the stored water is a property, a resource of the Province, and as such the controlling interest as far as Canadian participation is concerned in an international agreement must remain a provincial responsibility. Presumably, if a licence were issued under the Federal International Rivers Improvement Act, this licence would be so designed as to safe-guard the Provincial interest in the control of the storage projects without requiring I.J.C. participation. The situation would be quite different than that administered under the Kootenay Lake Board of Control which covers a trans-boundary problem that does legitimately fall under the Treaty of 1909.

Finally, with regard to the forthcoming report of the International Columbia River Engineering Board to the Commission under the 1944 Columbia River Reference, I am pleased to note on pages 83 and 84 of the Proceedings that the Commission does not wish the report to contain recommendations and that the studies carried out do not represent any commitment by either country. I say this because, as you know, the Province has only ex-officio representation at the Working Committee level in the preparation of the report and has no control or responsibility with regard to the final findings as submitted to the Commission by the Board. This further illustrates the need for a closer understanding and complete agreement between the Provincial and Federal Governments before any final negotiations are entered into by the International Joint Commission or any other designated authority. If this could be achieved, I believe that we could go ahead now through appropriate channels to obtain international agreements on principles and procedures with the details to be settled later as the various reports now under preparation are completed.

As I have stressed at various times in my previous correspondence with you, the Province of British Columbia is eager to consult with the Federal Government at any time in order to clarify the situation and to assist in reaching a satisfactory approach towards the solution of the problems involved.

Yours very truly,
RAY WILLISTON

---

211. DEA/5724-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre[278]

Memorandum from Under-Secretary of State for External Affairs to Prime Minister[278]

CONFIDENTIAL [Ottawa], April 25, 1958

COLUMBIA RIVER DEVELOPMENT

An aide-mémoire, copy of which is attached, was left by the United States Ambassador on the afternoon of April 22, 1958. The aide-mémoire suggests that joint studies begin as soon as possible on the basic considerations concerning compensation which the United States might pay to Canada in return for permitting the construction of a dam at Libby,

---

[278] Note marginale :/Marginal note:
Not sent [auteur inconnu/author unknown]

Montana, which would impound waters of the Kootenay River and flood them back into Canada.

2. Two significant comments were made by the Ambassador during his visit. He said that the proposal was intended to be "forthcoming" and not restrictive of discussion. Furthermore, he said that the United States believes that consideration of the general principles governing compensation can be discussed to advantage before the final engineering reports have been received.

3. You may have seen in the press that reference was made to this approach in the hearings on Columbia River development before the Internal Affairs Committee of the United States Senate. In this connection it may be helpful to point out that the hearings are being held largely at the insistence of Senator Neuberger who, we are informed, is chiefly concerned in making use of the committee for domestic political purposes. His main attacks are directed toward the Republican Administration and former Governor MacKay, now Chairman of the U.S. Section of the International Joint Commission.

4. The United States approach coincides with a letter recently received by the Minister of Northern Affairs and National Resources from Mr. Williston, the Minister of Lands and Forests of the Province of British Columbia, in which the latter suggests early discussions between the Dominion and Provincial Governments. In this connection, I am attaching a copy of a letter which Mr. Smith sent to Mr. Hamilton earlier this month,[279] suggesting consideration by the Cabinet Committee on Columbia River Problems of the desirability of proceeding simultaneously with discussions with the United States and the Province of British Columbia and with examination of the engineering information now available.

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Aide-mémoire de l'ambassadeur des États-Unis

Aide-Mémoire by Ambassador of United States

OFFICIAL USE ONLY Ottawa, April 21, 1958

Reference is made to the application of May 22, 1954, by the United States Government to the International Joint Commission requesting approval of the construction and operation of Libby Dam on the Kootenay River near Libby, Montana. Reference is also made to the statements by Canada, dated July 7, 1954 and by the Province of British Columbia, dated July 2, 1954, in response to this application, as well as to the United States statement of September 28, 1954, in reply to the foregoing.[280]

It will be recalled that the Canadian response indicated that Canada was not prepared either to approve or disapprove the application for construction of Libby Dam until after the completion of joint engineering studies having to do with the potential development of the whole Columbia river basin.

Although the United States was cognizant of the Canadian reason for suspending judgment concerning Libby Dam, it nevertheless wished to give Canada a suggestion of the cooperative spirit in which policy with regard to Libby Dam was being developed. Therefore, it submitted, in reply to the Canadian response, the aforementioned statement in which the following thought was expressed:

---

[279] Voir la pièce jointe du document 209./See the attachment to Document 209.

[280] Voir volume 20, chapitre V, 6ᵉ partie, section A./See Volume 20, Chapter V, Part 6, Section A.

"The Government of the United States agrees that any Order of Approval should include provisions to insure the protection and indemnity of all interests in Canada which may be injured by the construction and operation of the Libby dam and reservoir, as provided by Article VIII of the Boundary Waters Treaty of 1909. The Government of the United States is prepared to consider equitable recompense to Canada, through the sale of power or otherwise, for the value which the Canadian natural resources would have for the production of power, taking into account the extent to which the project will result in compensatory benefits in Canada."

Since that time, a certain amount of interest has been evinced in Canadian quarters regarding the meaning of "equitable recompense." For example, informal queries in this regard have been made on previous occasions in diplomatic channels, and, most recently, clarification of this language was discussed during the January 16 meeting of the International Joint Commission. The United States has also been desirous of keeping up to date with Canadian views regarding the Libby application.

Although studies of the Libby project in relation to the Columbia River basin as a whole are not yet completed, they are far enough along to make it possible to indicate in fairly concrete terms the basic considerations that would guide the United States in giving Canada equitable recompense for the value of Canadian natural resources essential to the construction of an economically feasible dam at Libby. Such basic considerations would include the following:

1. If Canada were to bear the cost of preparing that portion of the reservoir lying in Canada, the United States would be prepared to assign a block of firm power to Canada free of charge at the international boundary at a place of Canada's choosing during the life of the project in recognition of the Canadian investment. Alternatively, the recompense could be made in monetary terms.

2. As recompense for the use of Canadian natural resources, quite apart from the damages incurred through flooding, the United States would also be prepared to enable Canada to buy a specified part of the Libby power output during the life of the project at a reasonable rate, the amount and price of this power to be determined by mutual agreement.

3. The United States would also offer to sell to Canada additional power in an amount to be determined after the consideration of the improvement of power output of downstream power plants both in Canada and the United States as a result of the Libby project.

The action contemplated in the numbered paragraphs above would, of course, be subject on the United States side to the pertinent constitutional requirements.

The United States believes it would be desirable to begin joint studies of these basic considerations as soon as possible. Such studies would serve to clarify and develop further each country's basic viewpoints concerning the project and would provide useful preparation for a consideration of the engineering data to be made available under the 1944 Reference to the International Joint Commission. The United States is confident that this type of exploration will demonstrate that a mutually beneficial agreement can be reached.

The United States would appreciate receiving the views of the Canadian Government regarding the foregoing proposals as soon as convenient.

L.V. M[ERCHANT]

212. DEA/5724-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 12, 1958

COLUMBIA RIVER PROBLEMS

The Minister of Northern Affairs and National Resources has had circulated to members of the Cabinet Committee on Columbia River Problems a copy of a letter dated April 1, 1958, which he has received from Mr. Williston, Minister of Lands and Forests of the Province of British Columbia.

2. Mr. Williston's letter sets out the following points:

(a) He is greatly disturbed at the engineering proposals which the Canadian section of the International Joint Commission have offered to the United States section. He has gained the impression that the Canadian section is about to negotiate an international agreement without receiving the views of the Province of British Columbia.

(b) He is concerned about the establishment of a committee of economists to determine the value of compensation for Canadian storage and proposals for administering British Columbia water storage through a board of control. British Columbia has been consulted about neither of these matters although the Chairman of the Canadian section seems to suggest in his discussions with the United States section that there is an agreed-upon plan to which British Columbia is privy.

(c) He warns that the Canadian bargaining position may be greatly weakened by having the province which controls the resource opposed to certain terms of a commitment made to the United States.

(d) He urges that the position of British Columbia be taken into consideration at all times. Furthermore, there is need for early consultation between the Province and the Federal Government.

(e) If a closer understanding can be reached between the provincial and Federal Governments "we could go ahead now through appropriate channels to obtain international agreement on principles and procedures with the details to be settled later as the various reports now under preparation are completed."

3. With most of what Mr. Williston says we can agree. Our only reservation, and one which may involve no practical difficulty, is the precise definition of the extent to which the Province of British Columbia holds a veto power over the implementation of an international agreement entered into by the Dominion Government. As any international agreement would presumably not involve a diversion of water from the Columbia River into the Thompson-Fraser system but would merely involve the regulation of the waters of the Columbia River within its present courses there is at least room for doubt whether a province could, in fact, veto such an agreement. As a practical matter, however, it is obvious that there would have to be substantial agreement between the Dominion and Provincial Governments in order to carry the arrangement through.

M. C[ADIEUX]
for Under-Secretary of State
for External Affairs

213. DEA/5724-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 12, 1958

COLUMBIA RIVER

Mr. Hamilton has called a meeting of the Cabinet Committee for May 14, 1958.

2. He wishes as a first priority to obtain authority to discuss the Columbia with British Columbia at all levels — ministerial, engineering, economic. The purpose would be to find out what sort of engineering scheme and what sort of agreement with the Americans would be acceptable to B.C. The immediate occasion for such a discussion lies in the letter from the Minister of Lands and Forests of British Columbia, Mr. Williston, of April 1, 1958 (attached).

3. The next priority would be for the Dominion Government to decide on its preference among the engineering alternatives.

4. The third priority would be to meet with the United States to discuss the terms of a possible international agreement.

5. If the three actions are substantially simultaneous, the proposal could be acceptable. However, in point of political fact, British Columbia may be expected to counter at the very beginning by the double-barrelled question: "Have you opened discussions with the Americans and what sort of compensation will they offer for downstream benefits?" Furthermore, it is unrealistic to think of making any choice among engineering alternatives unless and until the one major missing factor is, if not determined, at least dimly ascertainable: the elements constituting and the formula for calculating the compensation which the United States will be willing and able to pay in return for storage and regulated release of water in Canada.

6. By way of illustration, the situation of the Government may be likened to that of a man who has it in mind to purchase a house. Several choices present themselves. One choice is to delay purchase indefinitely with the attendant possibility that desirable property may have been taken up or that his needs may have changed. Let us assume that there are in addition three positive choices, that three real estate agents have offered him houses. Each of the three offers a house with certain attractions: one house is larger, another better laid out, a third has better neighbours, etc. Two agents set firm prices on their houses. The third says he is willing to discuss the matter of price. It is submitted that the prudent purchaser, finding that the house offered by the third agent is prima facie sufficiently attractive to merit at least equal consideration with the others, will, before taking any other action, seek to find out what price enticements the third agent is willing and able to offer.

7. With respect to the Columbia River, the Canadian Government may do nothing for the time being, which may mean that the opportunity for a satisfactory disposition of the question is lost, or, on the other hand, that a better proposal may some day turn up. On the positive side, there may be independent development within the river basin in Canada or diversion of certain waters to the Thompson-Fraser system. Each of these possibilities has an ascertainable price tag fixed to it and advantages which could easily be determined. Development in co-ordination with the United States presents certain attractive features

but the price tag is not known and cannot be known until some preliminary discussion has taken place with the United States to ascertain what sort of formula for computation of compensation they are willing to consider.

8. It may be well to make a very clear distinction between two periods of negotiation which may be foreseen with the United States. The first period and the one to which reference is made in this memorandum involves the discussion and clarification of the terms of an offer by the United States to Canada. The discussions as to a U.S. offer would involve no commitment as to its ultimate acceptance. It would merely ensure that the offer of compensation placed before the Canadian Government for consideration would be in a form and of a nature worthy of governmental consideration. The offer would provide the *sine qua non* which would then make it possible for the Government to compare U.S. proposals with other available courses of action. If the U.S. offer is sufficiently attractive to warrant pursuing the matter further there would be a second period of negotiation seeking to lead toward an agreement between the two countries.

9. It is true that theoretically we could wait until the price tag and the relative advantages of all other alternatives have been fully determined before we enquire as to what the U.S. have to offer but it seems clear that this involves an unnecessary waste of time. Furthermore, it should be obvious that discussions with the U.S. as to what their offer would be cannot possibly prejudice our relations with B.C. once their preliminary and tentative nature is appreciated.

10. Support for the position taken in the preceding paragraphs is to be found in at least two places:

(a) In early 1956, the then government decided to propose the conduct of diplomatic talks on rivers crossing the boundary (a thinly veiled attempt to discuss the calculation of payment for downstream benefits on the Columbia River). Incidentally, on January 23, 1956, Mr. Green said in the House of Commons: "A treaty must be negotiated with the United States concerning payment for downstream benefits."

(b) General McNaughton, Chairman of the Canadian Section of the International Joint Commission, has repeatedly urged that the matter of benefits to be received and how they might be allocated should be considered at once. It is worth noting that he has now been authorized by Ministers to set up an economic committee to help him in evaluating the downstream benefits from development of the Columbia River. No doubt the results of this study will be made available to the government.

11. One point which requires clarification is that General McNaughton agrees that an arrangement should be made with the United States for cooperative development of the Columbia *now* — his desire to divert some of the water to the Thompson-Fraser system is for some time in the future, perhaps 35 or 40 years from now.

12. Another point which may require clarification is the status of the International Joint Commission. From the records, it is clear that the intention was that Commissioners should act in a quasi-judicial capacity and not as advocates for the government which appointed them. At a meeting between Counsel and members of the Commission at Washington on April 9, 1958, Governor McKay opened the meeting by stressing this point. We are aware that in recent years the United States has departed from the spirit of the treaty, but both Governor McKay's statement and a private conversation with Commissioner Weber indicate that the United States section is seeking to return to an impartial quasi-judicial position. Undoubtedly Commissioners will have a national bias and be alert to ensure that the interests of their own country are adequately protected; but there is a clear distinction between this situation and one in which the Commissioners are witnesses, advocates, and

negotiators on behalf of their own countries as well as quasi-judicial functionaries purporting to make objective recommendations to governments. In the latter situation the integrity of the Commissioners is compromised and their recommendations are invalidated *ab initio*. Accordingly, if an agreement between governments is to be worked out within the framework of the International Joint Commission, counsel for the respective governments, and not the Commissioners, will put forward government views and conduct negotiations, albeit under the good offices of the Commissioners.

13. An interesting example of the relationship between the IJC and diplomatic channels is afforded by the aide-mémoire delivered by the United States Ambassador on April 22, 1958, with reference to the Libby Dam application. The application was made to the Commission in 1954 and the two governments (and other interested parties) filed statements of position with the Commission. Since that time, no progress has been made in consideration of the application. It is obvious that no progress *can* be made in the Commission until the two governments agree upon a formula for compensation by the United States in return for certain action by Canada. There is no unresolvable dispute over engineering matters. In order to take some step to get consideration of the application in the Commission, the United States is seeking *through diplomatic channels* to reach an agreement with Canada on the formula which both might agree should be applied in the International Joint Commission in dealing with the application.

14. The foregoing paragraphs suggest that the questions of policy involved in this regard cannot be resolved by an independent commission — even an important one like the I.J.C. Such questions of political policy inevitably have to be dealt with at the highest level, through governmental channels, and, if experience provides any indication, in non-public negotiations.

15. To sum up, it is recommended that any action taken by the Cabinet Committee should be consistent with the two following considerations:

(a) No realistic discussion of comparative advantages of alternative schemes for development of the waters of the Columbia and Kootenay Rivers can take place until there is some indication of the form and mode of calculation of the compensation which the United States is willing and able to pay in return for Canadian storage and regulated release of water (so-called "downstream benefits").

(b) Discussions and negotiations concerning compensation for downstream benefits can usefully take place only through governmental channels, e.g.

(i) Counsel at the International Joint Commission;

(ii) Regular diplomatic channels which exist for this very purpose;

(iii) Special diplomatic channels such as conference-type meetings between representatives of the two governments.

16. If you consider it would be of assistance in preparation for the meeting of the Cabinet Committee the officers concerned would be pleased to make themselves available for a detailed discussion of various aspects of this complex problem which I consider to be of basic interest to this Department.

M. C[ADIEUX]
for Under-Secretary of State
for External Affairs

214. DEA/5724-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 14, 1958

CABINET COMMITTEE ON COLUMBIA RIVER PROBLEMS
MEETING MAY 15, 4 P.M.

The first item on the agenda is consideration of the aide-mémoire left with the Under-Secretary by the United States Ambassador on April 22, 1958. The main points with respect to this matter are the following:

(a) The emphasis is on the second last paragraph, i.e. "to begin joint studies" of basic considerations entering into the determination of what compensation should be paid by the United States to Canada if Libby Dam should be built. The three considerations outlined by the United States are merely a beginning point. We would of course be at liberty to propose amendments to their terms as well as to suggest other forms of compensation in addition, of course, to putting actual figures beside the individual items.

(b) The aide-mémoire significantly assumes that the United States is willing to make payment to Canada in power for delivery at any point along the International Boundary. We have been assured that all the departments and agencies of the United States Government who would be concerned have joined in the drafting of the aide-mémoire, including the Federal Power Commission which might ordinarily be expected to oppose export of power.

(c) As British Columbia should be consulted, the Committee should give authority to forward a copy of the aide-mémoire to British Columbia for comment or suggestion. Indeed, it would be desirable, as pointed out in your letter to Mr. Hamilton, to establish a continuing liaison with British Columbia for exchange of views on matters pertaining to use of the waters of the Columbia and Kootenay Rivers.

(d) As requested in your letter to Mr. Hamilton, the Committee should authorize the continuing exploration with the United States of the terms of its offer. In this regard, it is important that specific guidance be given to the officers of this Department as to the attitude and position to be taken. Does the Cabinet Committee wish to give directions or does it wish to have External Affairs prepare a memorandum, or does it wish to have the Advisory Committee on Water Use Policy prepare a memorandum for its consideration? In commencing joint studies of the form and basis of compensation to be included in an American offer some guidance will be helpful.

2. Item 2 on the agenda refers to relations with British Columbia. As mentioned above, it would be useful to have as soon as possible some direct link with the British Columbia Government so that their views on matters of engineering and the size and form of compensation, both with respect to the Libby Dam and the entire Columbia Basin development, would be available to us in discussing matters with the United States.

J. L[ÉGER]

215. DEA/5724-40

Procès verbal de la réunion du Comité du Cabinet sur les problèmes du Fleuve Columbia

Minutes of Meeting of Cabinet Committee on Columbia River Problems

CONFIDENTIAL [Ottawa], May 29, 1958

Members present

The Honourable Alvin Hamilton (Chairman)
The Honourable Howard Green
The Honourable Sidney Smith

Also present

Mr. R.G. Robertson, Deputy Minister, Northern Affairs and National Resources
Mr. E.A. Côté, Assistant Deputy Minister, Northern Affairs and National Resources
Mr. K. Kristjanson, Department of Northern Affairs and National Resources (Secretary)

1. *The Committee* considered the two items on the agenda:

(1) the U.S. Aide-Mémoire on Libby Dam dated April 21st, and

(2) consideration of letters to Mr. Hamilton from Mr. Williston and Mr. Smith dated April 1, regarding consultation with British Columbia.

2. Referring to item (1) *Mr. Hamilton* thought that it was not possible to discuss a reply to the Americans until the views of the B.C. Government were obtained. At a previous meeting of this committee it had been felt that there should not be any discussions with B.C. on the political level regarding the Columbia. However, in view of the fact that the political situation had changed *Mr. Hamilton* thought there should now be contact with B.C., and this could be done by sending a letter to Mr. Williston regarding the Aide-Mémoire. A draft letter† was distributed for consideration by the committee.

3. *Mr. Green* reviewed the situation as follows:

> There had been some negotiations conducted on the government level before the present government took office. A study was then initiated to give a full picture of the situation. This study was still going on. There had been some stand-off discussions in the IJC and presumably some progress toward agreement. Mr. McKay seemed to be more reasonable than the former Chairman. Now the U.S. Government took the fantastic course of going back to the government level on a part of the overall problem. This Canada had to oppose. It was not wise to treat the note from the U.S. with a great deal of consideration. This would mean that the government was to an extent involved. He thought the same thing applied to contact with B.C. The Columbia question was a highly political issue in B.C. and Bennett was fighting for his life. It is unwise to sit down on "an around the table" basis particularly since the objective of the federal government has not yet been decided.

Mr. Green thought Canada should continue to work through the IJC. The Americans were talking more reasonably and continued progress could be expected. *Mr. Green* then asked whether there wasn't some contact with B.C. officials now.

4. *Mr. Robertson* said there had been no discussion with B.C. officials on possible ways of doing things.

5. *Mr. Hamilton* said that refusal to discuss matters with B.C. could put the government in a vulnerable position.

6. *Mr. Green* thought these matters should be postponed until the federal government knew what they wanted.

7. *Mr. Smith* referred to the question regarding diplomatic discussions raised in his letter to Mr. Hamilton.

8. *Mr. Hamilton* thought there was no particular advantage in reopening diplomatic discussions now. He thought discussions should continue in the IJC and discussions through other diplomatic channels could be initiated if and when this seemed desirable.

9. *Mr. Smith* expressed some concern over the fact that the Chairman of the IJC appeared to be the only one talking on behalf of Canada and that he left the impression that he was stating government policy.

10. *Mr. Green* said that General McNaughton was a great asset to Canada because the U.S. was afraid of him.

11. *Mr. Hamilton* stated that there was no doubt that the efforts of General McNaughton over the years had improved Canada's position with respect to the Columbia River question. Returning to the question of the Libby Dam, *Mr. Hamilton* said that he was under the impression that B.C. did not want to consider Libby Dam except in conjunction with the overall development of the upper Columbia.

12. *Mr. Robertson* recalled that a similar Aide-Mémoire on Libby Dam had been sent about 3 years ago and that a draft reply had been sent to B.C. At that time B.C. concurred in the view that Libby Dam should be considered in relation to development of the entire Columbia River.

13. *Mr. Smith* asked whether Mr. Williston could be trusted not to give this material to the press.

14. *Mr. Côté* commented that in the past when documents were sent on a confidential basis this confidence had been respected.

15. *Mr. Green* thought that if Mr. Bennett decides on a course, Mr. Williston must go along.

16. *Mr. Hamilton* indicated that Mr. Williston was disturbed about a number of specific statements made by the Chairman of the IJC. To avoid answering these in detail he proposed to send the Aide-Mémoire along with a letter asking for their views.

17. *Mr. Smith* asked whether this could be done without sending a copy of the Aide-Mémoire. He thought B.C. officials might be invited to Ottawa to discuss these matters. *Mr. Smith* also asked whether much progress could be made before there was consultation with the U.S. on these matters.

18. *Mr. Green* said that if there were any meetings on the diplomatic level this action would be interpreted to mean that General McNaughton was being by-passed.

19. *Mr. Robertson* thought that if the proposals in the Aide-Mémoire could be turned down with some good reasons, the U.S. might then be encouraged to make a better offer.

20. *Mr. Green* asked whether a draft reply could be prepared and reviewed in this committee before being sent to Mr. Williston for his comments.

21. *Mr. Hamilton* agreed that this should be done.

22. *Mr. Green* thought that the reply should indicate that Canada does not wish to discuss Libby except in relation to the development of the entire Columbia.

23. *Mr. Green* said that General McNaughton's report would probably be ready within a few weeks.

24. *Mr. Robertson* thought it was doubtful whether there would be a final report available from General McNaughton's committee until August or later because General McNaughton was now planning a trip to the Columbia River in the latter part of July and it was unlikely that the first draft would be prepared before the completion of this trip.

25. *Mr. Green* thought that the government would be in a much better position to work out details after this report was available.

26. After a question by *Mr. Smith*, it was agreed that Canada did not want to deal with the Libby proposal in isolation.

27. *Mr. Hamilton* reiterated that eventually there would have to be some contact with B.C. officials and Mr. Green agreed with this view. *Mr. Hamilton* said that Mr. Williston had expressed the desire for a direct contact between the B.C. and federal governments on these matters. It was clear that Mr. Williston did not wish to have General McNaughton act as the spokesman for the federal government.

28. *Mr. Smith* wanted to know whether General McNaughton's statements indicated that he advocated a policy of diversion or that the federal government would adopt such a policy. There was general agreement that General McNaughton's pronouncements left this impression.

29. In conclusion, it was decided that a draft reply to the Aide-Mémoire on the Libby Dam would be prepared for consideration at an early meeting of the Cabinet Committee.

---

216. DEA/5724-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET [Ottawa], June 5, 1958

CABINET COMMITTEE ON COLUMBIA RIVER PROBLEMS

If you agree, I shall sign the attached letter† to the Secretary of the Cabinet Committee, who will then distribute copies of the draft aide-mémoire to the members of the Committee prior to their next meeting.

2. The draft has been prepared in an endeavour to meet the views expressed by members of the Committee as recorded in the minutes of the meeting of May 15. In consequence the aide-mémoire is somewhat curt, but I fear that any expansion by way of explanation would be dangerous, and would require the statement of a position which, in our opinion, would be contrary to the interests of Canada in future negotiations.

3. The substantive questions outlined in my memorandum of May 29 remain, viz. the effect on our general relations with the United States and the status and functions of members of the International Joint Commission. The draft aide-mémoire merely seeks to soften the first and avoid the second.

4. Paragraph 3 of the draft leaves the door slightly ajar if the United States is very anxious to pursue discussions at the diplomatic level. Para 3 also avoids commitment as to the channel through which negotiations between the two governments should take place in the future. Para 2 expresses appreciation for the United States aide-mémoire because the information was conveyed in an endeavour to meet with our requests through diplomatic channels and by the Chairman of the Canadian Section of the IJC for an expansion of the

phrase "equitable recompense." Para 2 also seeks to convey to the United States Ambassador that the approach was awkward. The emphasis in the aide-mémoire should have been on a meeting to discuss what meaning should be given to the phrase "equitable recompense" rather than to a statement of the three "basic considerations," two of which offered to sell power to Canada. When the Ambassador presented the aide-mémoire it is interesting to note he placed the emphasis on the meeting and not on the "basic considerations."

5. Before the next meeting of the Cabinet Committee you might wish to discuss further with the officials of the Department some of the implications arising from the minutes of the meeting of May 15.[281]

[PIÈCE JOINTE/ENCLOSURE]

Projet d'un aide-mémoire
pour l'ambassade des États-Unis

Draft Aide-Mémoire
to Embassy of United States

[Ottawa], June 4, 1958

In the aide-mémoire of April 21, 1958 from the Embassy of the United States, reference is made to the application of May 22, 1954 to the International Joint Commission requesting approval of construction and operation of Libby Dam, and to the written statements that were filed with the Commission by the Province of British Columbia, by Canada, and by the United States on July 2, July 7 and September 28, 1954, respectively.

2. The further elucidation of the meaning of the phrase "equitable recompense" originally used in the United States statement of September 28, 1954 is appreciated. However, the three "basic considerations" set forth in the aide-mémoire do not at all correspond with what Canada expected was meant by the use of this phrase.

3. In the circumstances, there would seem to be little advantage in seeking to anticipate the recommendations of the International Joint Commission on further development of the waters of the Columbia River Basin. The proposal to construct a dam at Libby on the Kootenay River is an integral part of the present Reference and it would be injudicious to try to deal with it in isolation.

---

[281] Note marginale :/Marginal note:

I very much hope that you can do this. J. L[éger]

Yes [Sidney Smith]

Le texte de l'aide-mémoire a été approuvé ultérieurement par le Comité du Cabinet et transmis aux fonctionnaires américains le 16 juillet 1958.

The text of the aide-mémoire was subsequently approved by the Cabinet Committee and passed to American officials on July 16, 1958.

217. J.G.D. VI/552 Columbia Vol. 400

Le ministre des Affaires du Nord et des Ressources nationales
au premier ministre

Minister of Northern Affairs and National Resources
to Prime Minister

CONFIDENTIAL Ottawa, September 3, 1958

My dear Prime Minister:

Enclosed is a copy of a letter from the Honourable Ray Williston, Minister of Lands and Forests in the British Columbia Government, setting out his government's position on the lack of consultation between the Canadian and British Columbia governments concerning a policy for the development of the Columbia River Basin. Enclosed also is a copy of a letter to our colleagues on the Cabinet Committee on Columbia River problems,† asking for their comments on Mr. Williston's letter.

During the course of the last twelve months I have received several letters from Mr. Williston urging the coordination of federal and provincial policy on the Columbia, in particular with respect to relations with the United States. At meetings of the Cabinet Committee, I have indicated to our colleagues my concern at lack of consultation with British Columbia both at the ministerial and official levels. So far, however, our colleagues from British Columbia have not thought it wise to allow discussion of these matters at the political level and, hence, official talks have not taken place either between the governments of British Columbia and of Canada.

In view of the stand now taken by Mr. Williston, I do not think that Canada can any longer allow this matter to drift. Because of its capital importance both in domestic and international relations, it seems appropriate that you should now be informed of the existing situation.

Yours sincerely,
ALVIN HAMILTON

[PIÈCE JOINTE/ENCLOSURE]

Le ministre des Terres et des Forêts de la Colombie-Britannique
au ministre des Affaires du Nord et des Ressources nationales

Minister of Lands and Forests of British Columbia
to Minister of Northern Affairs and National Resources

Victoria, August 25, 1958

Dear Mr. Hamilton:

As you probably know, General A.G.L. McNaughton, Chairman of the Canadian Section of the International Joint Commission, called upon me on August 4th to discuss generally various aspects associated with the potential development of the Columbia River. As a result of this discussion, I feel compelled to again write to you to express my alarm at the apparent lack of understanding and total absence of any cooperative effort towards an agreed-upon policy approach on this matter between our two Governments.

Although General McNaughton stated to me he was acting "unofficially and without direction from the Canadian Government" in making the various public statements of the past several months, nonetheless I am sure that you must agree that these statements coming from such a high level source will undoubtedly be construed as the policy of the Canadian Government. The fact that some of these statements do not agree with the thinking of the British Columbia Government and possibly the Canadian Government may be cause for some considerable embarrassment to us in the future. As an instance, the extreme Canadian planning position as set forth by General McNaughton from time to time in the past may set up such an impossible situation that American authorities will refuse to even enter into any negotiation phase feeling the position is such that no purpose can be served. From the comprehensive studies which we are carrying out in B.C. and from our first-hand understanding of the situation here in the northwest, it would seem that such extremes in planning are impractical because of the many political and economic problems involved. Yet General McNaughton stated to me that in the final analysis this extreme planning of the hydro resources of the Columbia in Canada would in all probability be a statement of the Canadian position and I can only assume that this position would be taken in spite of, or possibly without adequate previous discussion with the Province of British Columbia.

Although we have never been informed officially of the independent studies being carried out by the Canadian Government on Columbia matters, we have heard unofficially from time to time of various inter-departmental study groups set up to consider particular aspects. One such group of special interest to us is the Economic Committee which we understood was to consider the upstream-downstream benefit problem. It was our understanding that it would be headed by an independent chairman, possibly Graham Towers of the Bank of Canada, and staffed by competent economists with wide experience in the hydro-electric field. I must say I was very disturbed to learn instead that this Committee was chaired by General McNaughton and although staffed by competent economists, unfortunately the combined background of these economists in the field of hydro-electric development and use would seem to be almost negligible. I was further very dismayed to learn that this Committee was charged with the task of preparing a report to your Government with firm recommendations on upstream-downstream benefits and this was to be achieved apparently without any previous discussion with, or advice from, any operating or planning authorities in the hydro-electric field in British Columbia. I am sure I cannot overstress to you the danger of this Committee producing a report which may recommend pre-conceived ideas and principles without adequate justification properly based on fact and full understanding of the many complex and contentious aspects associated with this very difficult problem. Also, you will recall in my previous letter of April 1st, 1958, that I suggested Provincial representation and discussion with any such Committee in order that the Provincial viewpoint could be taken into consideration at all times.

I note from a recent press release, which is attached,† that the Chairman of the Canadian Section, I.J.C., since his visit with me, has again appeared before the Standing Committee on External Affairs in Ottawa. It appears from the press release the Committee agreed that no further consideration should be given to the Columbia River matters until after completion of the report of the International Columbia River Engineering Board to the Commission and that public hearings on the development of the Columbia River in Canada would be held during the next year after the report has been received. Regarding the matter of public hearings, any such action in advance of complete agreement between the Province and the Government of Canada would be most repugnant to the Province of British Columbia. As is well recognized, the Columbia River in Canada is a provincial resource and the Province will shortly have well formulated plans for the development of this resource. I am sure that you will agree, the assurances given in the past by the Government of Canada that the development of the Columbia is a Provincial matter and in the final analysis the subject of Provincial planning, must be respected. The necessity for the Province of British Columbia to appear at any Federally sponsored public hearing to justify use of its own natural resource would be to place the Province in an intolerable position which would be completely unacceptable in the public interest.

Regarding the report of the International Columbia River Engineering Board now being prepared for the International Joint Commission, I am advised that the report will consist mainly of a collection of basic data with reference to three alternative plans, each of which approach ultimate development of the resources of the Columbia basin on an international basis. It is already evident that many people look towards this report to provide the answers which will make it possible to settle the complex international problems involved in the development of the Columbia. As an example, the Standing Committee on External Affairs has seen fit to postpone further discussion of Columbia River matters until such time as the report is completed. I feel if such is the case, there is disappointment in store for such people. The report will probably contain no answers, or set forth any final recommendations. I understand it will consider only the three plans as if they were existing and operating in the year 1985, without any consideration of the timing of how and when the individual projects are constructed, or the benefits that would be available during the intermediate stages. The report will likely give no usable measure of the benefits accruing from the use of Canadian storage. It is extremely unlikely it will provide a method by which the benefits, when measured, can be allocated between the two countries nor give any limits between which the two countries can strive towards an equitable settlement. No doubt you are equally advised on the probable content of the report and recognize that it will be of limited value in approaching settlement of the international Columbia River problems other than primary engineering. As I mentioned in previous letters to you, I believe with mutually acceptable agreements and understandings between our two Governments, we could have gone ahead through appropriate channels to explore international arrangements on agreeable principles and procedures in this matter with details to be settled as the various reports now under preparation are completed.

Although General McNaughton, during our discussions, informed me he was acting unofficially and without direction from your Government, nevertheless he definitely left the impression with me that all reports and all data were being funnelled through his hands and that he personally would be entrusted with negotiating the best possible settlement on behalf of Canada and the Province of British Columbia.

Yet from another press clipping which appeared in the *Vancouver Province*, dated 16th August, 1958, you are reported to have stated in the House of Commons that "... Canada and the U.S. have been continuing to exchange views at the diplomatic level on the basin development." I assume from this statement that negotiations on Columbia matters may eventually be carried out through diplomatic channels in spite of General McNaughton's inferences. As you will recall, initial action to proceed through diplomatic channels was instigated some time ago and in my letter to you, dated 8th November, 1957,† I briefly described the co-operative arrangements which had been made between the Province and the Government of Canada and mentioned the high hope we held for material progress through these channels.

I feel I must stress to you, as I did to General McNaughton, that although I recognize it is a prerogative of the Federal Government to delegate its responsibility as it sees fit, nevertheless on these matters of international negotiations the Province could not deal with or accept any Federally appointed "bargaining group" unless the matter had been previously discussed and mutually agreed upon between our two Governments. I am sure you will understand and agree that the responsibility for reaching agreement on these matters between Canada and British Columbia cannot be delegated to any group below ministerial level.

In closing I would like to again emphasize, as I have in previous letters, I feel it is a matter of utmost urgency to establish liaison between our Governments on an official basis in order that a co-ordinated and co-operative effort can be formulated towards a mutually satisfactory solution of these complex problems. It is expected that you will be able to set a meeting date in the near future for the purpose of discussing these matters.

Yours very truly,
RAY WILLISTON

---

218. DEA/5724-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], September 9, 1958

COLUMBIA RIVER PROBLEMS

Mr. Williston's letter of August 25, 1958, places most of the cards on the table face up. The cards which are not in evidence are probably of three kinds:

(a) the possibility of an agreement such as was worked out several years ago between British Columbia and a private United States company, but this time on a more extensive scale and with the backing of the U.S. Government;

(b) the development of the Peace River in such a manner as to make the Columbia River development in Canada of much less importance;

(c) the use of the Federal failure to make progress in Columbia River matters as an important issue in a provincial election which may be held next year.

What Mr. Williston has said concerning the misunderstanding in British Columbia of the Canadian Government position and the statements made by General McNaughton applies mutatis mutandis to the United States. In consequence, the United States Government and the local power interests may be forced to assume that Columbia River water will not be available to them and to develop alternative sources of power. One is that greater pressure is building up for the less economic use of water in the United States section of the basin in order to provide power. The second is the stimulus to consideration of the use of nuclear energy. These two developments combine to drive down the value of Canadian storage and to place us in a less satisfactory bargaining position.

When, in a few months time, the report of the International Columbia River Engineering Board is made public there is every reason to believe that people in Canada will be greatly disappointed. They have been led to expect a document which will resolve a political problem; they will receive an engineering survey of possible dam sites. The Board report will, I understand, contain nothing of value concerning the political questions and the economic questions which are the heart and core of the problem.

The attached draft letter to the Chairman of the Cabinet Committee on Columbia River Problems seeks to set the matter in its true light as it appears to this Department. There is barely time for a real consideration of the problem so that the Government will be prepared with a policy and will be in a state of firm negotiation with the Governments of British Columbia and the United States by the time it is realized that the emperor has no clothes.

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Projet de lettre du secrétaire d'État aux Affaires extérieures
au ministre des Affaires du Nord et des Ressources nationales

Draft Letter from Secretary of State for External Affairs
to Minister of Northern Affairs and National Resources

SECRET Ottawa, September 9, 1958

My dear Colleague,

I agree with the statement in your letter of September 3, 1958, that Mr. Williston in his letter of August 25 has stated very clearly the position concerning Columbia River matters.

From the point of view of my Department a serious situation can arise in January next. At that time the International Joint Commission should be in possession of the report from its Engineering Board and my understanding coincides with that of Mr. Williston that the report will contribute little toward the resolution of the essential problems. In the meantime, presumably, we will have received a report from the Economic Sub-Committee which has been meeting under the chairmanship of General McNaughton. Neither one of these reports, I foresee, will take sufficiently into consideration what is of great importance to my Department, viz relations with the United States both now and in the future. In short, these two reports will be technical documents and can merely provide touchstones with which to test the results of policy decisions which are beyond their scope. The policy decisions, in my opinion, should be made now as a matter of urgency.

As you will recall, I have consistently urged in the Committee that discussion with the Governments of British Columbia and the United States should take place at once and simultaneously. I am still of that view.

Much time has been lost. Furthermore, we may at any moment be faced with a practical collusion of the United States and British Columbia Governments which would, I suggest, make it almost impossible for the Federal Government to oppose their joint agreed development proposals.

Accordingly I urge that the Cabinet Committee consider as soon as possible what course should now be pursued. Furthermore, I would propose that discussions with British Columbia begin at once and that immediately after the commencement of such discussions, talks with the United States be pursued.

Yours faithfully,
SIDNEY SMITH

219. DEA/5724-40

Le ministre des Affaires du Nord et des Ressources nationales au ministre des Terres et des Forêts de la Colombie-Britannique

Minister of Northern Affairs and National Resources to Minister of Lands and Forests of British Columbia

Ottawa, October 10, 1958

Dear Mr. Williston:

I should like to refer to your letter of August 25th and to my Private Secretary's interim reply of August 28th on the subject of Columbia River. I regret the delay in writing to you further but I have been absent from Ottawa to meet a number of commitments and have not until now been able to get at this matter.

I think that we both recognize the services rendered to the nation in connection with the Columbia matters by General A.G.L. McNaughton. He and the members of the International Joint Commission have a very proper position in these matters by virtue of the Reference which both the United States and Canadian governments made to the Commission (with your Province's concurrence) in 1944. This body is an independent one which can only make recommendations to the two federal governments on this matter. I can and should confirm that, from the Canadian Government's viewpoint, General McNaughton was right when he stated to you that he was acting "Unofficially and without direction from the Canadian Government."

General McNaughton, in his capacity as Chairman of the Canadian Section of the International Joint Commission, approached the government late in 1957 to obtain personnel for the conduct of an economic study which would assist him in assessing some of the problems connected with the Columbia River Reference. Authority was accordingly given to General McNaughton in December, 1957, to convene a committee of economists as he had requested. It is my hope that when this study is completed, in the near future, it may yield some valuable information.

I should add that before General McNaughton made his request late in 1957 the government was considering whether Mr. Graham Towers could undertake an *overall* economic appraisal of potential developments related to the Columbia Basin. The government approached Mr. Towers on this subject on February 10th, 1958, and, much to our regret, Mr. Towers later advised the government that he was unable to undertake such a study.

There have been some exchanges of views, at the diplomatic level, about Columbia Basin developments. These occurred when the Americans pressed us for a Libby development, and you will recall that the views of your province were sought. The matter of the Columbia and Libby developments was raised in the course of President Eisenhower's visit and there have been the normal questions raised, from time to time, in the various channels of diplomacy.

You suggest in your letter that the time has now come for our two governments to take positive steps to establish some means of continued liaison between us on an official basis. It would seem to me, subject to your concurrence, that the first step would be for our officials to discuss matters at the technical level. If you agree, I will be prepared to have some of my senior officials go to British Columbia to initiate the necessary engineering liaison between British Columbia and the federal government in this very important question.

Yours sincerely,
ALVIN HAMILTON

---

220. DEA/5724-1-40

Le ministre des Terres et des Forêts de la Colombie-Britannique au ministre des Affaires du Nord et des Ressources nationales

Minister of Lands and Forests of British Columbia to Minister of Northern Affairs and National Resources

Victoria, October 22, 1958

Dear Mr. Hamilton:

Your letter dated October 10th replying to my communication of August 25th last concerning the mutual interests of our Governments in Columbia River development is received and your remarks on this subject are most gratifying.

I am especially pleased to receive your agreement to my suggestion for establishment of technical liaison by officials from the interested departments of our Governments. In this connection I would suggest, for the present, that the number of officials delegated on each side be kept to a fairly small number (say not more than four) and further, to ensure continuity of the effort, it might be advisable that a basic reference be given to these officials when they are nominated and constituted a joint technical committee.

Regarding the reference, I would point out that the problems associated with the Columbia are, as we know, very complex and it seems to me that as a first task of these technical officials their work might be confined to review of the plans and reports on hand and in course of preparation under both provincial and federal auspices. There is, I am sure, sufficient report material on hand to permit an active and informed interchange of information on the engineering development of the hydro power resources of the Columbia River.

I should appreciate your comments on the foregoing suggestions.

Yours very truly,
RAY WILLISTON

221. DEA/5724-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], November 4, 1958

CABINET COMMITTEE ON COLUMBIA RIVER PROBLEMS

A meeting of the Cabinet Committee has been called for November 7, 1958.

The purpose of the meeting appears to be to approve the establishment of a technical liaison committee between Canada and British Columbia.

However, the relative advantages of various engineering proposals cannot realistically be considered in a vacuum. The political and financial considerations have a decisive bearing on the conclusions which the Government will have to reach. The manner in which the United States will in a political and a financial sense react to one or other of the courses which the Canadian Government might choose can only be ascertained through the United States itself. This means in effect that the Canadian and British Columbia Governments cannot take any position until a certain minimum amount of information has been obtained from the United States.

Accordingly, approval should be obtained from the Cabinet Committee to resume talks at the diplomatic level with the United States Government in an endeavour to obtain a firm indication of the sort of offer the United States Government would be able and willing to make and to obtain an assessment of what its reaction would be to the various alternatives open to Canada.

The suggestion has been made that negotiations with the United States might best be conducted through the International Joint Commission. Such a decision should be discouraged as it would appear that the Canadian Government would be seeking to delegate responsibility in making policy on international affairs to a bi-national, independent, semi-judicial body constituted for other purposes. Furthermore, although the Commissioners are undoubtedly alert to insure that the interests of their own country are adequately protected, their integrity and the value of their future decisions can be invalidated if on one particular occasion they act as advocates and negotiators as well as quasi-judicial functionaries at the same time.

Attached is a memorandum† covering the above points which you might wish to take up at the meeting. This memorandum has elaborated on these points in some detail and it has also included as an annex the principles which might form the basis for both the discussions with the British Columbia Government and the exploratory talks with the United States Government.

If you are unable to be present at the November 7 meeting, perhaps you would agree to have these views forwarded to the other members of the Committee in order that your views may be taken into account.[282]

N.A. R[OBERTSON]

---

[282] Le procès-verbal de la réunion du 7 novembre 1958 du Comité du Cabinet n'a pas été trouvé.
The minutes of the November 7, 1958 meeting of the Cabinet Committee were not located.

222. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], November 18, 1958

Present:

The Minister of Public Works and Acting Prime Minister (Mr. Green) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice and Acting Secretary of State for External Affairs, for afternoon meeting only (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio and Acting Secretary of State for External Affairs, for morning meeting only (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

CABINET COMMITTEE ON THE COLUMBIA RIVER; ORAL REPORT

18. *The Minister of Northern Affairs and National Resources* reported on the findings of the Cabinet Committee on the Columbia River. He said that the McNaughton Report, which had been requested last January by the committee, would be ready for consideration the following Monday. The report would recommend a course of action on the Columbia Basin. The committee had discussed several alternative courses of development of the basin and had concluded that,

(a) the Fraser diversion was not feasible in the immediate future for three reasons:

(i) the fish problem;

(ii) the amortization period of any joint development with the U.S. on the Columbia River;

(iii) the cost;

(b) the best interest of Canada in obtaining the most units of power at the lower cost was through a co-operative programme for the optimum use of the power potential on the Columbia River.

The Minister said that the Federal government and the government of British Columbia had established liaison at the technical level to ensure that all technical information was available to both governments.

The committee would study the McNaughton Report and, on the basis of it, decide whether to meet with the Canadian Section of the International Joint Commission in order to make clear to it the government's position. This would be a departure from past practice.

since the I.J.C. was regarded as a judicial body. However, the American Section of the commission was being used as an arm of the U.S. government and there seemed to be no reason why the Canadian government could not likewise use the Canadian Section as its agent to secure agreement on the matter. The committee had also recommended that discussions take place through diplomatic channels on the principles of an agreement with the U.S. on the matter, and that the B.C. government should be approached with a view to discussing principles of settlement acceptable to the Canadian government.

19. *During the discussion* the urgency of reaching a decision on the Columbia River development was stressed. The B.C. government was rapidly pushing the Peace River development by the Wenner Gren group. The Federal government would run the risk of being accused of delay by the province. Mr. Stevens of the Canadian Section of the I.J.C. was worried lest the delay would result in the Americans using thermal power. A study on the economics of the Columbia River development would be most useful to Cabinet before an approach was made to the Canadian Section of the I.J.C.

20. *The Cabinet* noted the report of the Cabinet Committee on the Columbia River and agreed that, before an approach was made to the Canadian members of the International Joint Commission, a study should be made available for the Cabinet on the economics involved in the Columbia River development.

. . .

---

223. DEA/5724-1-40

Le chef de la Direction de l'Amérique
au sous-secrétaire d'État aux Affaires extérieures

Head, American Division,
to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 20, 1958

LIBBY DAM

On November 17, Mr. Carlson of the United States Embassy left with me an aide-mémoire, copy of which is attached. The aide-mémoire is further to the Embassy's previous one of April 21, 1958 to which we replied on July 16, 1958, on the subject of "equitable recompense" and the Libby Dam.

2. In talking over matters Mr. Carlson made the following points:

(a) One of the main reasons for the present aide-mémoire is to remove an apparent misunderstanding of the United States intention and to avoid having the exchange close on the note expressed in our aide-mémoire.

(b) The present United States approach keeps the door open along the lines suggested in the discussion of the Columbia River between Mr. Dulles and Mr. Hamilton in July.[283] It is not necessary that the Canadian Government take any specific action with respect to the aide-mémoire at this time, but as soon as we are ready the Americans are willing to discuss questions of compensation.

(c) State Department wishes to reiterate for the record the political importance to the United States of giving full consideration to the construction of the Libby Dam in any development which may take place with respect to the waters of the Columbia and Kootenay Rivers.

---

[283] Voir/See Document 9.

3. If you agree, a copy of the aide-mémoire will be forwarded to the Government of British Columbia.

J.H. C[LEVELAND]

[PIÈCE JOINTE/ENCLOSURE]

Aide-mémoire de l'ambassade des États-Unis

Aide-Mémoire by Embassy of United States

OFFICIAL USE ONLY Ottawa, November 17, 1958

The Department of External Affairs will recall that the Embassy's Aide-Mémoire of April 21, 1958 set forth three of the basic considerations which might be used as a guide to determine equitable recompense with respect to the United States application of May 22, 1954 to the International Joint Commission regarding Libby Dam. The United States Government has noted with regret the statement in the Department of External Affairs Aide-Mémoire of July 16, 1958 that these three basic considerations regarding equitable recompense "do not at all correspond with what Canada expected."

The United States Government had considered that a mutual exploration of basic considerations for recompense in the case of the Libby Dam project might be in the common interest of both countries, as a means of developing a more complete exchange of views and as a means of arriving at a possible agreement of advantage to both Canada and the United States. The United States Government now understands that the Canadian Government would prefer to consider the question of Libby Dam in the context of the recommendations of the International Joint Commission with respect to the Columbia River Basin. The United States Government wishes to reiterate its willingness to explore the question of Libby Dam, either in or outside this context.

The United States Government hopes that the Canadian Government will give further consideration to the possibility of a joint exploration of the Libby Dam project, either as a single entity or as a part of the Columbia River Basin complex, and either through the use of diplomatic channels, or through meetings of appropriate officials of the two Governments. In any event the United States Government would be most interested in any suggestions which the Canadian Government may have to offer as to the principles which in its view should govern "equitable recompense."

T. T[HOMPSON]

---

224. DEA/5724-1-40

Note du sous-ministre des Affaires du Nord et des Ressources nationales pour le ministre des Affaires du Nord et des Ressources nationales

Memorandum from Deputy Minister of Northern Affairs and National Resources to Minister of Northern Affairs and National Resources

SECRET Ottawa, December 3, 1958

COLUMBIA RIVER DEVELOPMENT

I understand that you and your colleagues in the Cabinet Committee on the Columbia decided as follows last night:

(a) That the government would favour a co-operative development with the United States on a basis that would be consistent with an ultimate diversion to the Fraser River along the lines discussed in the report of General McNaughton's Committee. This would presumably be for a period of fifty years, which is the amortization period used in General McNaughton's calculations.

(b) That an approach should be made to the United States to see whether they would be prepared to enter into discussions on such a basis and that the U.S. aide-mémoire of November 17th might form the ground for such an approach.

(c) That if the United States is prepared to discuss an arrangement along the above lines, negotiations should proceed on two fronts:

(i) certain matters of a policy and general character through External Affairs or other government officials;

(ii) Other matters relating to the engineering, technical and detailed aspects of the arrangement through the International Joint Commission.

(d) That an announcement of the Canadian government's position and actions should be made at the earliest possible date.

Approach to the United States

On the basis of the above decision it would appear that the first step should be an approach to the United States by means of an aide-mémoire in reply to theirs of November 17th. I would suggest that it should not go into details as to the specific proposal that Canada would wish to discuss but only set forth the essential principles. These essential principles might be something along the following lines:

(1) The proposed arrangement would envisage a co-operative development on the Columbia River including a diversion of water from the Kootenay into the Columbia to secure maximum power development. The arrangement would be for a suitable amortization period of the capital invested and would involve no commitment by either country as to the position after termination of the period of the agreement.

(2) There would be a contribution to the costs of storage in proportion to benefits received and down-stream benefits in the United States would be shared on a 50/50 basis.

(3) Payment would be made for the value of flood benefits received in the United States through Canadian storage with compensation for power losses resulting from flood control regulation.

Something along these lines would, I think, indicate the essentials of the plan and if the United States agreed to enter into discussions on such a basis that in itself would be a major achievement.

The note to the United States might suggest that if they are prepared to have consideration given to a plan along the above lines the two countries should direct the I.J.C. to consider the technical aspects of the arrangement and specifically to do the following as soon as possible:

(a) to set out methods for determining the character and quantum of downstream benefits;

(b) to recommend a method for apportioning downstream benefits;

(c) to determine the value of flood-control storage, how it should be used and compensated for.

Discussions with the United States

If there are to be discussions on two fronts as decided last night, there will have to be very clear definition of the area to be covered in each category of discussion and there will also have to be close liaison between the Canadian agencies that are involved in the direct discussions and those concerned in the I.J.C. discussions. As I understand it, the Cabinet Committee were of the view that the following items might be discussed directly through External Affairs or the officials immediately concerned:

(1) The term of the agreement.

(2) The ownership of facilities required under the plan.

(3) The character of agency required for operation of the facilities.

(4) The basis for the interchange of power and payment for it (in cash or in kind) at various stages.

(5) The sale of power to the United States during the period of surplus in Canada.

(6) Procedures and arrangements for termination of the agreement (or a clause for extension).

(7) The form of the agreement (whether an executive agreement or a treaty) that should be entered into.

(I must say it seems to me that it might well be desirable to have items 4 and 5 handled through the I.J.C. since they could be highly technical and could tie in very closely with other aspects of the arrangement. The same might apply to item 2 since it could as well get into complex questions of operation.)

The sort of thing it was thought might be discussed by the International Joint Commission were the following:

(1) The engineering and technical aspects of the plan.

(2) The arrangements with regard to the compensation payable by the United States for down-stream benefits.

(3) The phasing of construction and general progress with the arrangement.

To these I would be inclined to add the points referred to in the bracketed paragraph above. In connection with item 2, the specific points in the suggested direction to the I.J.C. would apply.

Press Announcement

The difficulty in an early press announcement seems to me to be the problem of relations with the United States.[284] The approach to them should certainly be made first. I do not think there is any chance that they can make an immediate reply. If the government wants to make an immediate announcement it will, therefore, have to do so before it knows what the United States reaction will be. As a minimum, I think it would have to be made clear to the United States that for domestic reasons the government of Canada thinks an early announcement is essential and therefore will be making public the fact that it has approached the United States and the basis on which it has done so.

R.G. R[OBERTSON]

---

[284] Voir/See Canada, Department of External Affairs, *Canadian Weekly Bulletin*, Vol. 13, No. 51, December 17, 1958, pp. 1-2.

225. DEA/5724-1-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM L-272 Ottawa, December 5, 1958

RESTRICTED. OPIMMEDIATE.
Repeat New York, Seattle (OpImmediate) (Information).

COLUMBIA RIVER DEVELOPMENT

An Aide-Mémoire is being handed this afternoon to Mr. Tyler Thompson Chargé d'Affaires of the United States Embassy in reply to the Embassy's Aide-Mémoire of November 17, 1958. A press release is also being issued this afternoon setting out government policy with regard to the general question of the Columbia River development which does not however make any specific reference to the Aide-Mémoires, there being no intention to make public the Aide-Mémoires at this time. The text of the press release is being sent to you in a separate unclassified telegram.

2. Following is text of the Aide-Mémoire: Begins. The Government of Canada welcomes the indication in the Embassy's Aide-Mémoire of November 17, 1958 of a willingness to consider the question of Libby Dam in the context of the Columbia River Basin. It further welcomes the suggestion that consideration of the entire subject may usefully be pursued through both the International Joint Commission and government to government channels.

3. Extensive and carefully made studies both national and international are now either completed or nearing completion. These studies reveal a sound basis for the long held belief that cooperative use of the waters of the Columbia River Basin is possible and could provide substantial benefits to all parties.

4. Probably the most important single element to which consultation should be directed is the ascertainment of the appropriate principles to govern the equitable sharing of benefits arising in the United States from the cooperative use of storage of waters in Canada. These benefits would result from the regulated release of water from storage benefiting USA interests downstream in regard to such matters as, for example, the generation of electricity and flood control.

5. It is proposed that maximum use be made of the International Joint Commission for reaching agreement on the principles that should be followed.

6. In order to proceed as rapidly as possible, it is further proposed that full use be made concurrently of government to government channels for matters not being dealt with in the Commission and for determining whether or not any further requests or authorizations should be directed to the Commission.

7. Among the items which it is proposed should so be considered might be the period for which agreement should be contemplated, provisions for extension and termination of the agreement, and the form which such an agreement should take. It would undoubtedly facilitate greatly the work of the International Joint Commission if some matters could thus be agreed upon at an early date and the results given to the Commission. The latter could focus attention on projects practicable of attainment and thus expedite the working out of detailed recommendations and their early submission to governments.

8. It is recognized, of course, that on both sides of the boundary, there are other interested parties who will have to be consulted at appropriate stages in the consideration of these matters. Ends.

---

226. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 9, 1958

Present:

The Minister of Public Works
and Acting Prime Minister (Mr. Green) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr) (for afternoon meeting only),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche) (for afternoon meeting only).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

CABINET COMMITTEE ON COLUMBIA RIVER DEVELOPMENT REPORT
(PREVIOUS REFERENCE DECEMBER 3)†

34. *Mr. Alvin Hamilton, as Chairman of the Cabinet Committee on Columbia River Development*, stated that since the last report to Cabinet the Cabinet Committee had received General McNaughton's report which recommended a co-operative programme of development under which the following principles were approved as the basis for discussion with the United States:

(a) Contributions to be made by the U.S. towards the cost of storage in the form of annual payments that would include operation, maintenance, interest, and retirement of capital; the payments to be in proportion to the portion of total benefit received by the United States.

(b) Downstream benefits to be shared on a 50/50 basis in the form of power.

(c) Payment to be made by the United States for flood control benefits and also compensation for power losses due to operation in the interests of flood control.

The committee had agreed that General McNaughton's report be accepted.

35. *Mr. Hamilton* said that, at subsequent meetings of the committee, an aide mémoire to the United States was approved and also a press release which was given out on December 5th. The aide mémoire was in the form of a reply to the United States aide mémoire of November 17th concerning the Libby Dam. It suggested that the International Joint Commission be asked to deal with the downstream benefits and flood control. It would not be made public pending a reply from the United States.

36. *The Acting Prime Minister* read out the press release of December 5th and said that it was hoped that the U.S. reply would be available shortly. If the U.S. agreed that detailed negotiations and discussions should be undertaken through the I.J.C., the development of the Columbia River would be well on the way.

37. *The Cabinet* noted with approval the report of the Cabinet Committee on Columbia River Development as submitted by the Minister of Northern Affairs and National Resources.

. . .

227. DEA/5724-1-40

Procès verbal de la réunion du Comité du Cabinet sur les problèmes du Fleuve Columbia

Minutes of Meeting of Cabinet Committee on Columbia River Problems

SECRET [Ottawa], December 19, 1958

Members Present:

Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton) (Chairman)
Mr. Howard Green
Mr. E.D. Fulton
Mr. D.S. Harkness.

Also Present:

Mr. M. Cadieux, representing the Under-Secretary of State for External Affairs.
The Deputy Minister of Northern Affairs and National Resources (Mr. R.G. Robertson)
General A.G.L. McNaughton, International Joint Commission.
Mr. E.A. Côté, Department of Northern Affairs and National Resources.
Mr. H.C. Kingstone, Legal Division, Department of External Affairs.
Mr. J.L. MacCallum, Legal Advisor, International Joint Commission.
Mr. E. Peterson, International Joint Commission.
Mr. P.R. Purcell, Water Resources Branch, Department of Northern Affairs and National Resources.
Mr. K. Kristjanson, Department of Northern Affairs and National Resources.

1. *The Committee* considered, in the light of the 1944 Terms of Reference to the International Joint Commission, the Aide-Mémoire sent to the U.S. Embassy on December 5. It was believed that the International Joint Commission Terms of Reference might not be sufficiently broad to permit the Commission to consider principles for determining and apportioning downstream benefits.

2. Accordingly, *it was agreed* that the attached draft letter recommended by the Advisory Committee, if acceptable to the U.S. authorities, should be sent to the two sections of the International Joint Commission by their respective governments.

3. *The Committee* instructed the Department of External Affairs to discuss the attached draft letter with the U.S. authorities on an informal basis as soon as possible.

4. *It was agreed* that the International Joint Commission was to be responsible for reaching agreement with the U.S. on principles for determining and apportioning downstream benefits resulting from the cooperative use of Canadian storage. If agreement were reached within the International Joint Commission on principles, the governments would be given an opportunity to react to these principles before any public hearings are held. At the time of the public hearings, Counsel for Canada would present the views of the Government to the Commission.

5. The Advisory Committee on Water Use Policy was asked to consider those questions of policy which must be decided by the Government in order to coordinate fully the discussions within the International Joint Commission and through government-to-government channels. It was thought that such questions as the term and form of the agreement should be considered on a government-to-government basis. The Advisory Committee was to consider these matters and report to the Cabinet Committee. It was considered essential that there be an agreed basis on which members of the Department of External Affairs could meet with the Americans.

6. The question of liaison with B.C. was again discussed. *It was suggested* that there should be a closer working relationship with the owner of the resource. The Government would be in a difficult position if it began negotiations with the U.S. without consulting the Province.

7. *It was suggested* that, as a minimum, the Aide-Mémoire should be made available to the Government of B.C. *General McNaughton* believed that the Economic Committee report should be sent to B.C. on a confidential basis, provided there were assurances that they would not make it available to the press.

8. *Mr. Green* thought that neither document should be made available to B.C. before the Prime Minister has talked to the Premier of British Columbia.

9. *Other members* believed that any delay in initiating talks with B.C. would weaken Canada's position vis-à-vis the U.S.A. and would leave the federal government vulnerable to attack from B.C. for attempting to negotiate a settlement of the Columbia River question without prior consultation with B.C.

[PIÈCE JOINTE/ENCLOSURE]

Projet de lettre du secrétaire d'État aux Affaires extérieures à la secrétaire de la section canadienne, Commission mixte internationale

Draft Letter from Secretary of State for External Affairs to Secretary, Canadian Section, International Joint Commission

CONFIDENTIAL Ottawa, December __, 1958

Dear Madam,

I wish to refer to the letter dated March 9, 1944 from the Secretary of State for External Affairs to the Secretary of the Canadian Section of the International Joint Commission, which sets out the terms of the Columbia River Reference.

The first paragraph of this letter deals with the general objectives of the Reference, and it states in part as follows, "... in order to determine whether a greater use than is now being made of the waters of the Columbia River System would be feasible and advantageous, the Governments of the United States and Canada have agreed to refer the matter to the International Joint Commission for investigation and report pursuant to Article IX of the convention concerning Boundary Waters between the United States and Canada, signed January 11, 1909."

The Governments of the United States and Canada have agreed to request the International Joint Commission to report specially to Governments at an early date its recommendations concerning the principles to be applied in determining:

(a) the benefits which will result from the co-operative use of storage of waters and electrical inter-connection within the Columbia River System; and

(b) the apportionment between the two countries of such benefits more particularly in regard to electrical generation and flood control.

Yours sincerely,

[SIDNEY SMITH]

---

228. DEA/5724-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 19, 1958

PROPOSED AGREEMENT WITH THE UNITED STATES ON THE DEVELOPMENT OF THE COLUMBIA RIVER

As requested by the Cabinet Committee on the Columbia, I saw Mr. Carlson from the United States Embassy at 12.50 today. Mr. Carlson is the member of the United States Embassy who has been discussing Columbia River problems with officials of this Department.

I referred to our Aide Mémoire of December 5 on the Columbia and said that if the United States Government were in agreement with the approach suggested in that note, they might be prepared to agree that it would be desirable to send identical letters to the two sections of the IJC suggesting that the determination and apportionment of downstream benefits might be discussed in the Commission as a matter of priority. I handed Mr. Carlson a copy of the draft letter to the Canadian Section which had been approved earlier in the morning by the Cabinet Committee. A copy is attached.

I added, at the request of Mr. Fulton, that the Canadian Government would appreciate it if it were possible for the United States Government to let us have a reply to our Aide Mémoire of December 5 as soon as possible.

Speaking personally and informally, I asked Mr. Carlson whether he was in a position to give me or, if he could not, to obtain from Washington, some indication as to when a reply might be expected. Mr. Carlson said that he was not in a position to make a guess but that he would make enquiries in Washington and that he would try to let me know as soon as possible.

M. C[ADIEUX]
for Under-Secretary of State
for External Affairs

229. DEA/5724-1-40

Le secrétaire du Comité du Cabinet
sur les problèmes du Fleuve Columbia
au secrétaire d'État aux Affaires extérieures

Secretary to Cabinet Committee
on Columbia River Problems
to Secretary of State for External Affairs

Ottawa, December 29, 1958

Dear Mr. Smith:

You will recall that the Cabinet Committee was to meet again before the end of this month to consider a working paper to be prepared by the Advisory Committee. However, Mr. Green is out of town and there has been no definite reaction from the U.S. on the Aide Mémoire or the subsequent draft letter to be sent to the International Joint Commission. Therefore, the Chairman does not wish to call a meeting of the Cabinet Committee at this time.

The enclosed working paper prepared by the Advisory Committee on Water Use Policy at the direction of the Cabinet Committee will be considered at the next meeting which will probably be called early in the New Year.

Yours sincerely,
K. KRISTJANSON

[PIÈCE JOINTE/ENCLOSURE]

Document de travail

Working Paper

CONFIDENTIAL [Ottawa], December 23, 1958

COLUMBIA RIVER — DISCUSSIONS WITH THE UNITED STATES

Proposed Course of Action by Officials to Implement Canadian Aide-Mémoire of December 5, 1958.

The *Aide-Mémoire* (Appendix I attached) clearly proposes that "maximum use be made of the International Joint Commission" for ascertaining principles to share equitably the benefits arising in the United States from the cooperative use of water stored in Canada.

The ascertainment of such principles would, in essence, give the key to an international settlement on the Columbia. To attain this objective rapidly, the Cabinet Committee on the Columbia decided that, at the official level, all the federal agencies' views should be coordinated by the Advisory Committee on Water Use Policy. These views would be submitted to the Cabinet Committee on Columbia River Problems.

The Advisory Committee examined some of the steps required to make maximum use of the International Joint Commission in formulating principles for ascertaining and sharing benefits. It was the view that, as a first step, any possible doubt about the scope of the Terms of Reference on the Columbia (1944) should be removed. At its meeting of December 19, 1958, the Cabinet considered that the Department of External Affairs should immediately make an oral *démarche* to the United States Embassy suggesting that the attached letter (Appendix II)† might be sent by both governments to the International Joint Commission. This *démarche* was made on December 19.

If the United States respond favourably and promptly, discussions in the International Joint Commission can commence almost immediately. It is hoped that the International Joint Commission will have come to some basic agreement on the applicable principles which is satisfactory to governments before public hearings are called.

As set out in the *Aide-Mémoire* and draft letter, apart from the International Joint Commission's task of ascertaining principles to govern the sharing of benefits, it was proposed that full use be made concurrently of government-to-government channels for matters *not* dealt with by the Commission. Among the items mentioned were the period of the agreement contemplated, provisions for extension and termination and the form of the agreement. The Advisory Committee considered the matter and concluded that, following the studies proposed in paragraphs 1, 7, 8, 9 and 10 below, it would be appropriate for discussions to take place in the government-to-government channels once the Canadian position has been examined and approved by Ministers.

Discussions in the International Joint Commission will be directed to fulfill the mandate shown in the draft letter from governments (Appendix II) and would obviously begin in rather general terms.

The Canadian position in the International Joint Commission would be that Canada favours a cooperative development at an early date with a proper apportionment of benefits; the agreement would be for a *term certain* and the *works* in Canada would be *built, owned and operated by Canadian entities*; and there would be a need for *electrical interconnection* and *exchange of power*.

The mere recital of these points, however, makes it clear that the International Joint Commission will soon have to know in greater detail what manner of cooperative development between what United States and Canadian agencies is contemplated and when specific parts of a given project might be undertaken. Apart altogether from the broad question of principles for the ascertainment and apportionment of benefits, many incidental questions may well arise in the International Joint Commission. The International Joint Commission may wish to know the length of the "term certain" — is it to be 35, 40, 45, or 50 years? What should be the form of agreement: should it be between governments, states, hydro-electric companies? How will Canada allow an exchange of power? By whom and to whom should compensation for flood-control and other benefits be made? These questions, and a number of others, have both domestic and international connotations. They will require to be settled both within Canada and with the United States.

In order to start getting some distance towards solving them, the Advisory Committee on Water Use Policy recommends that the following steps be taken:

1. *Term of Agreement*

In considering this matter, the Advisory Committee concluded that the Term of the Agreement will be directly related to load growth, amortization and other factors of a broad plan of development selected for the Basin. While it is therefore necessary to firm up a plan before coming to any definite conclusion, the Committee concluded that:

(a) on the basis of present trends and past experience it might be proper to assume, in the initial stage of the International Joint Commission talks, a term of between 35 and 50 years reckoned from January 1, 1960;

(b) the Department of Trade and Commerce should examine the economic possibilities offered by terms varying from 35 to 50 years from the Canadian viewpoint in close consultation with the Engineering Sub-Committee of the Advisory Committee on Water Use Policy (see paragraph 2 hereunder);

(c) the Engineering Sub-Committee should hasten its examination of matters to assist in determining the Term of the Agreement.

2. *Engineering Reports*

Several engineering reports are at hand or will be available shortly. These are:

(a) Montreal Engineering Report,

(b) First B.C. Engineering Report (1957),

(c) Second B.C. Engineering Report (1958),

(d) Preliminary Report of Fraser River Board,

(e) Crippen-Wright Report (not yet available to federal authorities),

(f) International Columbia River Engineering Report (available in March),

(g) Report of the U.S. Corps of Engineers.

As a practical matter it will be for the British Columbia government to determine how it proposes to develop the Canadian segment of the Columbia River Basin. When the B.C. government determines how it wishes to proceed, the federal government will be required to decide under the International River Improvements Act whether it will license such a development. It would therefore be extremely useful to analyze and describe those reports that are available in their relation to the report of the Committee on Economic Studies of the Columbia River Development. It would also be useful in their report to determine on the assumption of a return from downstream benefits approved in principle by the Cabinet Committee, what combination of works would give to Canada to maximum economic advantage during the term of the cooperative agreement and thereafter on the basis of use of the waters by Canada.

It is obviously impossible to arrive at exact forecast. However, it would be useful to have appropriate comparisons based on the available information in an effort to establish orders of magnitude. On this basis, the Advisory Committee charged a group of engineers (Messrs. J.D. McLeod, Water Resources Branch, Mr. C.K. Hurst, Public Works, and Mr. Earl Peterson, International Joint Commission) in cooperation with the Committee secretariat to attempt to formulate papers on this subject.

3. *Ownership and Operation of Generating and Storage Facilities*

The facilities on the Canadian side would be built, owned and operated by one or more Canadian entities. They could be public or private bodies such as any or a combination of the following

a federal-provincial Crown Corporation;

B.C. Power Commission or another B.C. Crown Corporation;

a combination of B.C. public and private entities;

B.C. Electric Company or a combination of private companies.

With the agreement of the appropriate authorities on both sides of the boundary, both federal governments should therefore "designate" the entities which will build, own or operate the respective National portions of the Columbia River works (somewhat along the lines of the St. Lawrence Power Project). At some point (and, following the St. Lawrence pattern, the earlier the better) it will be necessary for British Columbia to designate an entity or to agree with the federal government on a joint venture. If British Columbia merely designates an entity to build, own and operate facilities, it will then be necessary to have at least a written agreement with British Columbia concerning the developmental plan. On the other hand, a fuller agreement will be required if British Columbia and Canada undertake to create an entity as a joint venture. In both cases, some sort of agreement will be required.

The Advisory Committee designated a Sub-Committee on Legal Matters (consisting of one member each from the Departments of Justice, External Affairs, and Privy Council Office as well as a member of the staff of the Canadian Section, I.J.C.) to work out possible draft agreements between the federal and British Columbia governments covering contingencies described above.

4. *Ascertainment and Apportionment of Benefits*

The task of ascertaining the principles to be applied in determining the benefits and the apportionment thereof has been allocated to the International Joint Commission.

5. *Selection and Phasing of Construction*

If British Columbia designates a provincial entity, it will be primarily for the province to determine the phasing of construction. If Canada joins the venture, it would have a say in this. In any event, it might have a say under the International River Improvements Act.

Within Canada, it will be primarily for British Columbia to propose a program of construction, if British Columbia designates a provincial entity to construct, own and operate the generating facilities. If Canada joins the venture, it would have a say in selecting the construction program. In either event, the program of construction will have to be related to the desires to be expressed by the U.S.

It is therefore impossible to set forth a phasing for the program of construction in Canada until the B.C. and U.S. positions are known.

6. *Interchange or Sale of Power*

Clearly, interchange and/or sale of energy will be an essential part of the agreement to be reached with the United States. The legal aspects of this have not been examined. The Advisory Committee considered it desirable that the Department of Trade and Commerce should examine this problem and prepare a paper for the Committee on this subject. Should the subject present any legal problems beyond the jurisdiction of that Department, the paper might be examined by the Sub-Committee on Legal Matters.

7. *Procedure for Terminating or Reviewing Agreement*

This is a matter on which the Department of External Affairs was asked to prepare a paper.

8. *Legal Redress for Claims*

The Advisory Committee considered that its Sub-Committee on Legal Matters should now consider and prepare a paper on this matter.

9. *Rights and Obligations for Life of Agreement Only*

This is a matter which should be considered and reported by the Department of External Affairs.

10. *Form of Agreement*

An agreement can take many forms: it can be found in a treaty, an inter-governmental agreement, concurrent legislation of the federal governments or by commercial agreement between two comprehensive and designated power entities on either side of the boundary.

The Advisory Committee concluded that it would be premature to decide immediately what form the Agreement for Columbia River development should take. However, it requests the Sub-Committee on Legal Matters to consider and report upon the various forms of agreement.

General

The Advisory Committee established an Editorial Sub-Committee (Messrs. Cleveland, External Affairs; MacCallum, International Joint Commission; K. Kristjanson and E.A. Côté, Northern Affairs and National Resources) to allocate, assemble and review papers prepared by various agencies.

8e PARTIE/PART 8

VOIES INTERLACUSTRES DES GRANDS LACS
GREAT LAKES CONNECTING CHANNELS

230. DEA/1905-C-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[285]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[285]

SECRET [Ottawa], January 17, 1958

U.S. PROPOSAL TO CONSTRUCT NEW CHANNEL AT SOUTHEAST BEND IN THE ST. CLAIR RIVER

A new channel in that section of the Great Lakes system joining Lake Erie to Lake Huron, known as the Southeast Bend, is considered essential by both Canadian shipping interests and officials of the Department of Transport so that larger ships capable of using the facilities in the lower stretches of the St. Lawrence-Great Lakes Waterway may reach the waters of Lake Huron and beyond. The U.S. Army Corps of Engineers has obtained authority and funds from Congress to construct this new channel. However, work cannot begin until mutually acceptable terms covering all aspects of the operation have been worked out between Canada and the United States. These terms, once agreed upon, will be embodied in an exchange of notes.[286]

2. On May 3, 1956[287] Cabinet agreed that the United States might be authorized to construct the proposed channel subject to certain conditions.[288] There have been exchanges of views with the Americans on the conditions that are to be included in the eventual exchange of notes. Most of our original conditions have been accepted by the Americans. Our latest proposals, embodying the conditions already accepted and suggesting alternatives where necessary, have been worked out interdepartmentally and are set forth in paragraph 5 of the attached memorandum to Cabinet, which is being submitted for your signature. If Cabinet agrees, we shall seek to have these terms incorporated in an exchange of notes with the U.S.A.

---

[285] Note marginale :/Marginal note:
American Division: approved by the Minister. M. C[adieux]

[286] Voir Canada, *Recueil des traités*, 1959, nº 6.
See Canada, *Treaty Series*, 1959, No. 6.

[287] Note marginale :/Marginal note:
This date is correct. There was a long gap in the US-Can. corresp[ondence]. Between June/56 and July/57. D.W. M[?]

[288] Voir/See Volume 23, Document 300.

3. Condition (g) specifies that "the work carried out in Canadian territory shall be without prejudice to the sovereign rights of Canada." At all times, therefore, Canadian sovereignty will be respected and maintained in the area where the work is being carried out. Furthermore, when the work has been completed, the improved channel will belong to Canada and we will be responsible for its operation and maintenance.

4. Condition (h) outlines the requirement that Canadian contractors will be given equal opportunity with American contractors to bid on any portion of the work; in addition, there is the stipulation that, even should U.S. contractors be successful in securing the tenders, "Canadian technicians, supervisory staff and workers should be given employment in so far as those of necessary qualifications are available...".

5. These two aspects of tendering for contracts have arisen in another context, that of Canada-U.S. defence facilities on Canadian soil. In the defence field we may be successful in our attempts to insist on the inclusion of a clause stipulating that Canadian contractors and Canadian labour only be used for the construction of these facilities because it is the Americans who are anxious to have them installed. On the Southeast Bend, on the other hand, the proposed channel is something which we are anxious to see completed because it will provide an essential facility on the route to the Lakehead. On this occasion, therefore, Canada stands to gain immediate and tangible benefits; in consequence, it would be unrealistic to seek more than an equal opportunity clause permitting Canadian contractors to tender bids along with American contractors for the necessary construction jobs. The Minister of Public Works has held very strong views in the matter of restricting bids on defence contracts to Canadian firms. However, the attached draft has been submitted to him by his Department, and we are informed he has raised no objection.

6. It would be extremely difficult for us to enforce a condition whereby Canadian labour only would be employed on the Southeast Bend project where, although on Canadian soil, the operations would be so close to the boundary that U.S. citizens would be aware of all that was taking place. Unemployment in the Detroit area has increased since the United States originally agreed, in July 1957, to our employment conditions — para. 5(h). However, we expect to be able to retain the provision giving preference to Canadian labour other than certain contractors' key personnel.

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 24-58 [Ottawa], January 9, 1958

CONFIDENTIAL

U.S. PROPOSAL TO CONSTRUCT NEW CHANNEL AT SOUTHEAST BEND IN THE ST. CLAIR RIVER

The United States Embassy has proposed an exchange of notes to provide for the dredging and disposal of soil in the St. Clair River and Lake St. Clair for the purpose of deepening the Great Lakes connecting channels in those areas.

2. The Embassy has pointed out that in the interests of the growing needs of commerce and the safe operation of iron-ore and other vessels it is considered necessary either to widen and deepen the existing channel at Southeast Bend or to construct a cut-off channel through the marshy area on the Canadian side of the river. Canadian Government officials consider that because the proposed cut-off channel would eliminate the sharp reverse curve which is combined with a relatively narrow channel for two-way traffic through the Bend, this project would be preferable to widening and deepening the existing channel.

3. It has been the practice for the United States Government to assume responsibility for the cost of improving the connecting channels in the Upper Great Lakes. Canada has, of course, assumed responsibility for the Welland Canal and for the improvement of the channels in the St. Lawrence River at and below Montreal. In 1956 Congress authorized the entire programme of Great Lakes connecting channel improvements, of which the St. Clair River project is a part, to be prosecuted under the direction of the Secretary of the Army and the supervision of the Chief of Engineers, United States Army Corps of Engineers.

4. The cost of constructing the proposed cut-off channel at Southeast Bend is estimated at $8 million, exclusive of navigation aids. This amount is $5,491,000 more than the estimate for improving the present channel. The annual cost of dredging maintenance in the new channel would be approximately $100,000. The principal local interests in Canada which would be affected by the construction of the new channel are the Indian Band of the Walpole Island Reservation and the St. Clair Shooting Club, which has acquired a lease from the Indian Band for duck shooting. The cost of compensation to the local interests in Canada would probably be not less than $200,000 according to information supplied by officials of the Department of Public Works and the Indian Affairs Branch of the Department of Citizenship and Immigration who have held preliminary discussions with the Walpole Island Indian Band. In addition, some disturbances may be caused to the migratory birds which use this area for breeding and feeding grounds and to certain species of fish.

5. It is proposed that conditions be attached to the Canadian Government's approval along the following lines:

(a) That the plans and specifications for the construction of the channel, including those for spoil disposal areas and such revetment works as may be necessary to ensure reasonable permanence of the banks of the channel, shall be approved by the Canadian Government.

(b) That dredging and excavations and the deposit of dredged and excavated materials shall not be carried out on Canadian territory until a date to be fixed by the Canadian Government. In this way, the Canadian Government will have such time as it may require to make all necessary arrangements to permit the dredging to be started, such as acquiring the property concerned and removing all structures and equipment located on such property. As soon as these arrangements have been completed, the United States Embassy will be informed of the date on which operations may commence.

(c) That the United States Government will ensure, in a manner satisfactory to the Canadian Government, that the contractor or contractors for this work will as a matter of contract responsibility be required to (i) perform and complete the work in accordance with the plans and specifications as duly approved by the Canadian authorities; (ii) be responsible for all damages to persons or property that occur as a result of their fault or negligence in connection with the prosecution of the work; (iii) carry adequate insurance commensurate with the responsibility; and (iv) satisfy the requirements of all applicable Canadian law.

(d) That the United States will indemnify and save Canada harmless in respect of all claims of third parties in any way arising in the United States out of the construction or maintenance of the channel.

(e) That during the progress of the work, and subsequent thereto, such soundings, gaugings and meterings shall be carried out by the United States authorities as the Canadian authorities may require, and the Government of Canada kept informed of the results obtained. Authorized Canadian Government representatives shall be free at all times to inspect the works during progress, and to make such check surveys with soundings, meterings and gaugings, in any part of the St. Clair River as may be considered desirable at any time.

(f) That any machine, plant, vessel, barge or the operators or crews thereof, used on these works, shall not be permitted to tie up, discharge ashes, fuel oil, waste oil, etc., in a manner prejudicial to the health, well-being and activities of the owners and/or users of land or water areas, or to commit any other nuisance in Canadian territory during the progress of, or subsequent to, the carrying out of these works. The attention of the United States Government is also drawn to Section 33 of the Fisheries Act of Canada and Section 40 of the Regulations under the Migratory Birds Convention Act which refer to the pollution of waters with specific reference to the effect upon fish and migratory birds.

(g) That the works carried out in Canadian territory shall be without prejudice to the sovereign rights of Canada.

(h) That Canadian contractors shall be given an equal opportunity with United States contractors to bid on any portion of the work; when, however, United States contractors are awarded contracts for work in Canada, Canadian technicians, supervisory staff and workers should be given employment in so far as those of necessary qualifications are available, except where United States key and permanent personnel for dredges are essential; clearance in this regard to be made through the National Employment Service of Canada; the rates of pay and working conditions for all labour employed in Canadian territory on the project will be set after consultation with the Canadian Department of Labour in accordance with the Canadian Fair Wages and Hours of Labour Act.

(i) That the appropriate customs procedure to be followed concerning dredging equipment materials and consumable items will be drawn up when the general conditions of contracting and employment have been ascertained by the two Governments.

(j) That the Unemployment Insurance Act of Canada, and regulations thereunder, will apply to any Canadian workmen who may be employed on the project and also to United States workmen employed on this project if they are employed on Canadian territory by a contractor (not by the United States Army Corps of Engineers) and cannot be covered under any employment insurance law of the United States; if any Canadian workmen are employed directly by the United States Army Corps of Engineers the arrangement whereby the United States Armed Forces will insure Canadian employees from July 1, 1956, will apply.

(k) That the United States Government will ensure that the necessary arrangements are made with the authorities of the Province of Ontario concerning the Workmen's Compensation Act of that province.

(l) Administrative arrangements concerning this project may be made from time to time between authorized agencies of the two Governments.

6. In order to facilitate the construction of the new channel, the Canadian Government should undertake to make the following arrangements:

(i) Canada will retain title to all territory required for the channel. At the same time the Government of Canada will grant and assure the United States, without charge, such rights of access, use and occupancy as may be required for the construction of the new cut.

(ii) To pay equitable compensation to the Indian Band.

(iii) As Canada will retain sovereignty over the territory through which the channel is constructed, the Canadian Government will be responsible for the administration and maintenance of the completed channel in such a manner as may from time to time be agreed between the two Governments.

(iv) Nothing in the international agreement shall derogate from the application of Canadian law in Canada provided that, if in unusual circumstances its application may lead to unreasonable delay or difficulty in the construction of the channel, the United States Government may request the assistance of the Canadian Government in seeking appropriate alleviation. In order to facilitate the construction of the new channel, the Canadian Government will give sympathetic consideration to any such request submitted by the United States Government.

Recommendation

The Secretary of State for External Affairs, with the concurrence of the Minister of Public Works and the Acting Minister of Citizenship and Immigration, recommends:

(a) That the Department of Public Works, who will make provision for the necessary funds, be authorized to enter into negotiations with the Indian Band on Walpole Island concerning the acquisition of Indian lands for this project.

(b) That when a suitable agreement has been reached between the Canadian Government and the Indian Band concerning the acquisition of Indian lands, the United States Government be authorized to construct the proposed cut-off channel in Canadian territory, subject to conditions along the lines of those set out above.

(c) That Canada should assume responsibility for the maintenance and administration of the channel.[289]

SIDNEY SMITH

---

[289] Le 3 février 1958, le Cabinet a reporté à plus tard le suivi de ces recommandations en attendant l'issue des négociations relatives à des terres appartenant à la bande indienne de Walpole Island.

On February 3, 1958, Cabinet deferred acting on these recommendations pending the outcome of negotiations for land belonging to the Walpole Island Indian Band.

231. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], April 3, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
  and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice
  and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

NEW CHANNEL AT SOUTHEAST BEND, ST. CLAIR RIVER
(PREVIOUS REFERENCE FEBRUARY 3)

20. *The Secretary of State for External Affairs* said the U.S. Embassy had made representations asking for an early decision on the U.S. proposal to construct a new channel through Canadian territory at Southeast Bend on the St. Clair River. The work must be put in hand by the end of the month if it were to be completed before the 1959 navigation system opened. He recapitulated the proposed conditions for approval as set out in the circulated document (Cab. Doc. 24-58).

21. *The Acting Minister of Citizenship and Immigration* confirmed that necessary negotiations had been carried out with the Walpole Island Indian Band. Expropriation would not be needed as the Indians were prepared to sell the land required for $200,000. There would be some interference with wild life and fisheries but the Indians had expressed no concern on this matter.

22. *During the ensuing discussion* the following points were made:

(a) It was unlikely that Canadian contractors would be in a position to bid on the work, principally because of lack of heavy dredging equipment. The project would not provide much work for Canadian labour. It was also doubted whether the Fair Wages and Hours of Labour Act could really be made to apply in practice to U.S. contractors.

(b) There should be no concession on customs tariffs and full duties should be levied on dredging equipment and consumable material brought into Canadian territory. The terms of the condition on this matter should state so clearly.

23. *The Cabinet* agreed,

(a) that the Department of Public Works be authorized to acquire from the Indian Band on Walpole Island the lands required in the construction of a new cut-off channel at Southeast Bend on the St. Clair river;

(b) that the United States government be authorized to construct the new channel in Canadian territory in accordance with the conditions set out in the circulated document (Cab. Doc. 24-58); subject to the condition on customs procedure being revised to make it clear that the normal customs duties would be paid on dredging equipment and consumable items brought into Canadian territory; and,

(c) that Canada would assume responsibility for the maintenance and administration of the channel.

. . .

---

232. DEA/1905-C-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 4, 1958

GREAT LAKES CONNECTING CHANNELS — SOUTHEAST BEND

Attached for your signature, if you agree,[290] is a memorandum to Cabinet requesting a directive on the principal outstanding issue in the negotiations we have been conducting with the United States authorities on the Southeast Bend project. I am attaching a chart† of the Southeast Bend area indicating the course of the present channel (following the International Boundary, more or less) and the route to be taken by the new channel.

Substantial agreement has been reached with the United States State Department on all other points put forward in our draft exchange of notes. The one matter still at issue is the labour clause, and it is on this point that a Cabinet directive is being sought.

We have been informed by the State Department that pressure is mounting to have any agreement signed with Canada covering this project contain an exclusively U.S. labour clause on the grounds that the work is to be financed out of Congressional appropriation, and also because the project is to be carried out in an area where U.S. unemployment is a serious problem. The State Department has done its utmost to tone down this excessive demand by putting forth the 50-50 formula outlined in the attached memorandum. We have been given to understand that the State Department will do its best to hold this line against considerable odds and that such a compromise would be acceptable to the United States Government provided we indicate our concurrence in it now.

At a recent interdepartmental meeting, the position taken by the representatives of the Departments of Labour and of Citizenship and Immigration was that only U.S. key personnel could be admitted to Canada to work on this project. This is the formula that has been used in early agreements for work on Canadian territory. It would be unfortunate if for the sake of an extra 15 jobs we were to lose all labour opportunities for Canadians on this project. Agreement on this point at official level however was not possible and it was decided to request ministerial direction on the proportion of labour which should be provided from each country.

---

[290] Note marginale :/Marginal note:
signed Sept. 8 [auteur inconnu/author unknown]

As you will see from the accompanying chart, the proposed new channel eliminates a dangerous bend in the river which would prevent many ships from reaching the Upper Lakes. If, as a result of Canadian unwillingness to accept the 50-50 formula, the United States were to decide merely to deepen and widen the present channel, one of the main objects of completing the lower Seaway — namely, to give deep-draft ocean-going vessels easy access to the Upper Lakes — would be largely defeated. In addition, the proposed new channel would pass almost entirely through Canadian territory and, when completed, would be maintained and operated by Canada. The Department of Transport agrees with us that this is an advantage worth gaining.

Failure to reach agreement soon on this project could delay the opening of the 27-foot waterway from Lake Superior to the sea. Dredging is already going on in the Detroit River, the St. Marys River and the St. Clair River under arrangements worked out satisfactorily in 1956. The work on the Southeast Bend is all that is lacking to have the 27-foot waterway opened by 1961. As a matter of fact, one construction season has been lost already in consequence of lack of agreement to begin work last spring.

M. C[ADIEUX]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 260-58 [Ottawa], September 4, 1958

CONFIDENTIAL

GREAT LAKES CONNECTING CHANNELS — SOUTHEAST BEND CUT-OFF

It will be recalled that on April 3, 1958 Cabinet approved the recommendation set out in Cabinet Document 24-58 authorizing negotiation with the United States Government concerning construction of a new 27-foot navigation channel in Canadian territory to eliminate the Southeast Bend in the St. Clair River connecting Lake St. Clair with Lake Huron. The entire cost, except for acquisition of land, would be borne by the United States Government, approximately nine million dollars. Draft terms of an exchange of notes setting out the conditions under which such a project might be carried forward were submitted to the United States authorities and are, generally speaking, acceptable, except for the labour clause.

The project is expected to give employment to about 100 men at any one time. The original Canadian suggestion was that Canadian contractors shall have an equal opportunity to bid on the project but that if United States contractors got the work, we would permit the admission of United States key and permanent personnel for dredges where essential. These are expected to number about 35. The State Department has informed us that mounting pressure as a result of unemployment in the area prevents them from accepting this condition. As a counter proposal, the State Department has suggested a 50-50 division of employment regardless of who gets the contract. Acceptance of this proposal might result in labour and wage difficulties for Canadian contractors because it would be difficult to discriminate between rates of pay for Canadian and United States labour on the same job.

In discussion among Canadian officials, it has become evident that ministerial direction should be sought.

Although no time limit was set on this United States counter proposal, it is possible that, because of the unemployment situation in the United States, the American terms may stiffen as time goes on; alternatively, the United States authorities may decide to abandon the cut-off channel and seek to proceed by deepening the existing channel which, for most of its length, straddles the International Boundary. The cut-off channel being almost entirely in Canadian territory, would be under Canadian control for operation and maintenance when completed.

A Cabinet direction is required on the division of labour which would be acceptable to the Canadian Government.[291]

SIDNEY SMITH

---

233. DEA/1905-C-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 31, 1958

SOUTHEAST BEND PROJECT

For a number of months now, officials of both the Canadian and the United States Governments have been working on the terms of an exchange of Notes which would permit a new channel to be dredged in the St. Clair River between Lake St. Clair and Lake Huron to replace the old channel in the river bed known as the Southeast Bend. An agreement on the terms of such an exchange of Notes has now been reached and a final draft has been given the approval of the Government departments concerned in both countries. The Canadian Note, initiating the exchange and containing the basic conditions under which the project can be undertaken, is now ready to be delivered.

When this Note is being delivered, some indication should be given of the customs facilities that will be afforded the successful contractor. Special customs facilities were granted on the Detroit River project, the St. Clair and St. Marys Rivers project and on a number of defence projects as well. In order to effectuate the clause providing for equal opportunity to contractors in either country, there should be no customs discrimination.

---

[291] Le 21 septembre 1958, le Cabinet a approuvé le partage 50/50 des emplois concernant le projet Southeast Bend.
Cabinet approved the 50/50 division of employment on the Southeast Bend project on September 21, 1958.

The Department of National Revenue is favourably disposed to making the necessary arrangements for customs waivers on this occasion, as they have done in the past. Throughout the negotiations there was a tacit assumption that there would be no change from previous customs practices for the Southeast Bend project.

On April 3, 1958, however, while Cabinet was considering the draft of the Note as it then stood, with special reference to labour opportunities, the following Minute was recorded:

> "that the U.S. Government be authorized to construct a channel in Canadian territory in accordance with the conditions set out in Circular Document (Cabinet Document 24-58) subject to the conditions on customs proceedings being revised to make it clear that the normal customs duty would be paid on dredging equipment and consumable items brought into Canadian territory."[292]

Cabinet had no memorandum at that time on the customs aspects of the matter and may not have been aware that customs waivers had been granted in similar situations in the past.

In these circumstances, would you be prepared to raise this matter informally in Cabinet, seeking a modification of the decision of April 3, or would you prefer to have a special memorandum for Cabinet prepared by this Department, in consultation with the Department of National Revenue, outlining in greater detail the practice which has been followed in similar cases in the past with a request that customs tariffs and sales taxes be waived for equipment used on the Southeast Bend project as well?

N.A. R[OBERTSON]

9e PARTIE/PART 9

PONTS INTERNATIONAUX : CAMPOBELLO-LUBEC BRIDGE
INTERNATIONAL BRIDGES: CAMPOBELLO-LUBEC BRIDGE

234. PCO

Note du ministre des Travaux publics
pour le Cabinet

Memorandum from Minister of Public Works
to Cabinet

CABINET DOCUMENT NO. 159-58 Ottawa, June 13, 1958

CONFIDENTIAL

CAMPOBELLO ISLAND, N.B. — LUBEC, MAINE BRIDGE

1. *Outline:*

At the present time, there is a ferry service from Campobello Island, N.B. to Lubec, Maine which is subsidized by the Federal Government under the Canadian Maritime

---

[292] Note marginale :/Marginal note:
This was in the draft prepared by officials. This was not put in at the instigation of any member of Cabinet. I have had this matter of Southeast Bend twice before the Cabinet. Why was not the customs matter covered in the first place? Did not the Americans in negotiating agree to the customs item "as is"? [Sidney Smith]

Commission and the province of New Brunswick. The subsidy is equally shared by the two Governments.

There have been many representations from the residents of Campobello Island to have a bridge constructed at this location, and because of its international nature, the province of New Brunswick have requested the Federal Government to share with them in the cost of such a structure.

In February, 1957, as a result of local representations and discussions between the province of New Brunswick and the Federal Government, the Minister of Public Works concurred in the province of New Brunswick entering into discussions with the State of Maine for this project and he indicated that the Federal Government was prepared to participate with the province in the Canadian share of the project on an equal basis. The province of New Brunswick made further representations for revisions in Federal participation; however, no formal agreement was entered into.

Since that date, there have been further local representations and the provincial government has continued to press for the project. Negotiations for a basis of participation have been carried on between the Department of Public Works and the Province of New Brunswick.

Concurrent with this, and as Cabinet has been advised, the United States Government is proceeding with the reactivation of their Bill to authorize the State of Maine to construct their half of the toll-free structure. A submission has been made for a Canadian Act to permit construction of the project.

2. *Considerations:*

The proposed structure would be a toll-free highway bridge for two-lane traffic, approximately 844' long. A tentative design has been prepared by the State of Maine and their proposal has been checked in relation to the possibilities of the Passamaquody Development.[293] This latter Development would not affect either the location or the necessity for the structure.

The total estimated cost of the project is $1,050,000 with the Canadian share being $580,000, which would include the bridge, approaches and the construction of a connecting road from the existing New Brunswick highway system.

In the negotiations with the province of New Brunswick, it was felt that the province should assume 100% responsibility for the provision of the connecting road from the bridge approach to the existing New Brunswick highway system. In lieu of this, it was proposed that the Federal Government would assume 2/3 of the cost of the Canadian half of the bridge and New Brunswick approach. The province of New Brunswick would assume the other 1/3, plus 100% of the cost of their connecting road. On this basis of participation, the Federal share of the project is estimated at $354,000.

3. *Recommendations:*

(a) In view of the international character of the proposed project and the present Federal participation in providing ferry service, it is recommended that the Federal Government enter into an agreement with the Province of New Brunswick to proceed with the above structure;

---

[293] Voir le volume 23, les documents 261 et 262./See Volume 23, Documents 261-262.

(b) The Federal Government would assume responsibility for 2/3 of the cost of the Canadian half of the structure and New Brunswick approach;

(c) The Province of New Brunswick would assume 1/3 of the cost of the structure and approach and would assume responsibility for providing the highway connection;

(d) It is recommended that Federal funds be provided for the above project.[294]

Respectfully submitted,
H.C. GREEN

---

[294] Approuvé par le Cabinet le 26 juillet 1958. Le 28 juillet 1958, le président Eisenhower a signé un projet de loi autorisant la Maine State Highway Commission à construire et à exploiter la partie américaine du pont. Le 6 septembre 1958, la loi a reçu la sanction royale qui autorisait la construction de la partie canadienne du pont.

Approved by Cabinet on July 26, 1958. On July 28, 1958, President Eisenhower signed a bill authorizing the Maine State Highway Commission to construct and operate the American portion of the bridge. On September 6, 1958, Royal Assent was given to the act authorizing the construction of the Canadian portion of the bridge.

CHAPITRE II/CHAPTER II

MOYEN-ORIENT
MIDDLE EAST

PREMIÈRE PARTIE/PART 1

EXPORTATIONS D'ARMES AU MOYEN-ORIENT
EXPORT OF ARMS TO THE MIDDLE EAST

235. DEA/50000-B-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[1]

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs[1]

CONFIDENTIAL Ottawa, August 29, 1957

EXPORT OF ARMS TO ISRAEL

I understand that you would like to have a brief memorandum on this subject.

When the General Assembly undertook last November to deal with the crisis in the Middle East[2] it began by urging a cease-fire and recommending that all members of the United Nations should refrain from introducing military goods into the area of hostilities. It then went on to create UNEF to secure and supervise the cease-fire.

How long the United Nations embargo on arms shipments is to be observed may be a debatable point but Canada, as a country which is contributing a contingent to UNEF, has so far avoided releasing significant military equipment to any state in the area, on the theory that it should avoid actions which might seem to encourage an arms race and thus cut directly across the joint efforts of friendly states to prevent a fresh outbreak of hostilities. We understand that the United States and United Kingdom are both still refraining from granting permission for the export of significant military equipment to either Israel or Egypt, considering that both are now amply supplied.

There are several outstanding Israeli requests for permission to import arms and military equipment from Canada. Of these the two most important concern the release of a squadron of 24 F-86's[3] and the acquisition of 600 Browning machine guns.[4]

---

[1] Note marginale :/Marginal note:

Return to USSEA See note p2 H.B. R[obinson] Aug 30.

Robinson renvoie ici à sa note en marge du dernier paragraphe de ce document.

Robinson refers here to his marginal note in the final paragraph of this document.

[2] Voir volume 22, chapitre premier, 2e partie.

See Volume 22, Chapter I, Part 2.

[3] Voir volume 22, chapitre premier, première partie, section c.

See Volume 22, Chapter I, Part 1, Section C.

[4] Voir volume 21, les documents 556 à 558, et volume 22, les document 13, 20 et 31.

See Volume 21, Documents 556-558, and Volume 22, Documents 13, 20, and 31.

You are familiar with the decision announced on September 21, 1956 to release the 24 jet aircraft in instalments over a period of time on the understanding that deliveries would be suspended or cancelled if the political situation appeared to warrant such action. When the attack on the Sinai Peninsula began and before any of the aircraft had left Canada, automatic action was taken to suspend all shipments of arms to the area of conflict and a permit which had been issued to cover delivery of the first 8 aircraft was subsequently cancelled. Despite one or two Israeli enquiries in recent months no consideration has been given to reinstating the order.

In the case of the Browning machine guns requested early in 1955 the situation is somewhat similar. The release of 200 was permitted over a period of a year. Conditional approval was also given for the release of 600 more at the rate of 60 every three months, to begin on April 1, 1956, on the understanding that the decision might be reconsidered "if the situation should deteriorate seriously in the meantime." Because border violence was resumed and the situation was held to have deteriorated seriously, the government decided in March 1956 to withhold approval for the time being for shipments of the 600 guns to begin. Immediately thereafter the request for jet fighter aircraft was received and attention was focussed entirely upon this until the abrupt cessation of all releases of arms at the end of October. One suggestion was received in April 1957 that shipments of Browning machine guns might be resumed, but for the reasons given in paragraph 3 no action was taken on the suggestion.

Since the United Nations embargo on the shipment of arms to Egypt or Israel has not been breached by the Western states with which Canada has been most closely associated in United Nations efforts to help keep the peace in the Middle East, you may consider that Canada should continue to place emphasis on the importance of the work now being performed by UNEF and the Truce Supervision Organization and refrain from the resumption of arms shipments until it is clear that United Nations purposes would be served by so doing.[5]

J.W. H[OLMES]

---

236. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 208-57 Ottawa, September [13], 1957

SECRET

CONTROL OF THE EXPORT OF ARMS — POLICY AND PROCEDURES

In the spring of 1954 Parliament reviewed and amended the legislation which had previously governed export and import controls, and since that time these matters have been regulated by the Export and Import Permits Act of 1954.[6] Concurrently with the passage of that Act the Government reviewed its policies relating to the control of the export of arms,[7] and established a consolidated code of procedures to be followed interdepartmentally in dealing under the provisions of the Act with applications for export permits to cover the shipment abroad of military equipment. Those procedures have continued to guide the Departments concerned up to the present.

---

[5] Note marginale :/Marginal note:
Note Minister said he agreed with policy as described in this memorandum and did not want it changed. H.B. R[obinson]

International developments of the last two or three years, and changes in the Regulations issued under the authority of the Export and Import Permits Act, together with the experience that has been gained in applying the controls, suggest that some modifications or clarification of the procedures might be desirable for purely administrative reasons. In addition there is of course the question of the policies which these procedures are designed to implement, which must be determined by the Government. This paper is accordingly designed to review the main considerations involved in the export of arms, and to recommend procedures to be followed henceforth on an interdepartmental basis in dealing with export permit applications for such items. The procedures proposed do not differ substantially from those which have hitherto applied; such changes as are involved are designed to clarify the procedures or to bring them up to date.

The legislative basis for Canada's system of export controls rests in the Export and Import Permits Act of 1954 and the Regulations issued under authority provided by it. The Act provides that the Governor in Council may establish a list of goods or commodities ("to be called an Export Control List") of which the export shall require a permit issued at the discretion of the Minister of Trade and Commerce. It provides also for the establishment of a list of countries ("an Area Control List"), to which the export of any commodity shall require an export permit. In other words, the Act authorizes the Government to require that export permits be obtained for any export, regardless of destination, of specified commodities, and for all exports, regardless of the commodities involved, to specified destinations.

This paper is primarily concerned with the use of these powers to control the export of arms, but of course there are other purposes for which they may also be applied. It may be helpful to digress briefly to refer to the use of these powers to control exports of a wide variety of items to countries of the Communist bloc. These "strategic controls" are designed to prevent the export of strategic goods to such countries, and have been worked out and applied in close consultation, through a permanent committee sitting in Paris, with fourteen friendly governments. Members of this "Consultative Committee" (COCOM) are the members of NATO (except for Iceland) with the addition of Japan. A number of other friendly countries maintain similar systems of strategic controls and cooperate informally with COCOM members in applying such controls. The same Paris body, sitting as the "China Committee" (CHINCOM), maintains a similar system of strategic controls applicable to trade with Communist China, which (at least until very recently) has been considerably more extensive than COCOM's "International" controls applicable to Communist countries in general. The recent action of the United Kingdom, followed by most of the other participating countries, to bring strategic controls on trade with China into line with the COCOM controls has called in question the value of CHINCOM for the future, and it appears that henceforth only the COCOM controls will be applied on an agreed international basis.

---

[6] Voir Canada, *Status du Canada, 1953-1954*, volume I, chapitre 27, pp. 151 à 157.
See Canada, *Statutes of Canada, 1953-1954*, Volume I, Chapter 27, pp. 141-147.

[7] Voir/See Volume 20, Document 713.

To return to the subject of this paper, the powers provided by the Export and Import Permits Act have been used to control the export to all countries of military equipment of all types. The export of such equipment may of course disturb the strategic situation in the recipient area, and even where the type or quantity of equipment involved is not of strategic significance such exports may have international political repercussions. The procedures which are a main concern of this paper are designed to ensure that no such export shall be authorized if it should appear desirable on political or strategic grounds for it not to be released. Although the authority to issue export permits is vested under the Act in the Minister of Trade and Commerce, it is clear that in dealing with proposed arms exports he will wish to be guided by the views of the Secretary of State for External Affairs and the Minister of National Defence.

The procedures proposed below reflect certain general policy considerations, which may be summarized briefly at this point. The Canadian Government asserts the right to take such steps as are necessary, including the maintenance of an adequate military establishment, to ensure the defence of Canada, and recognizes that all other legitimate governments have the same right of self defence. Indeed this right is universally recognized, explicitly for example in the Charter of the United Nations. Nevertheless it may often be uneconomic, or even in the case of small or underdeveloped countries impossible, to maintain and supply an adequate defensive establishment equipped solely from domestic sources. The Canadian Government therefore recognizes that cases may arise from time to time where it will wish to obtain military supplies by purchase abroad rather than from domestic production, and that in appropriate cases it may similarly be prepared to approve the supply of military equipment from Canada to other governments. Such cases are particularly likely to arise for countries with which Canada has close political or military connections; indeed the Canadian programme of providing mutual aid to our NATO allies is a reflection of this attitude, and the supply of military equipment to other Commonwealth governments and its purchase from the United Kingdom in particular have been common, while the purchase of military supplies from the United States and their sale to that country constitute an important fraction of our defence procurement and defence production programmes. Less frequently, sales of military equipment to or purchases from other friendly governments have been recognized as mutually advantageous to Canada and to the other government concerned.

It is on these general grounds that Canada has been prepared on appropriate occasions to approve the export of arms to other countries. Nevertheless it is not expected that such exports (except perhaps in the case of countries to which we have important defence or political obligations, such as Commonwealth or NATO members) will be frequent or of great military importance. The major criterion in determining whether a proposed arms export should be approved must be a judgment as to whether or not the political and strategic consequences will be consistent with Canada's interests. It has been a general requirement that any such export should be arranged only on a government-to-government basis, and that exports to private concerns in other countries should not be approved unless the recipient firm has been formally designated by the government concerned as a purchasing agent acting on its behalf. Even with this limitation, there are many countries for which it would rarely if ever be in Canada's best interests to permit the supply of arms. Particularly in the case of items of real military importance in the recipient area, approval of export should require a determination that on balance the transaction would result in substantial advantage to Canada.

To return more specifically to the procedures for controlling the export of arms, it is appropriate at this point to refer to the most recent Export Control List (P.C. 1956-1930) established on December 28, 1956 under authority of the Export and Import Permits Act. This list sets out the various commodities and items the export of which at present requires an export permit. The list is divided into ten groups ("General Purpose Industrial Machinery and Electronic Devices," "Metals, Minerals and their Manufactures," etc.). Group 8 relates specifically to the subject matter of this paper, and falls into two parts. Group 8, Part 1 is entitled "Arms, Munitions, Military, Naval or Air Stores" and Group 8 part 2 is headed "Atomic Energy Materials and Equipment;" each part contains a list of individual items within the categories indicated by these general headings. Group 8, Part 2 contains the list of atomic energy items or materials of which the export might raise political or security questions, and these items are subject to the strategic control procedures mentioned earlier. The items involved, however, are not of any direct military value. Accordingly it is considered that Group 8 Part 1 of the Export Control List constitutes for practical working purposes the lists of items relevant to control of the export of arms. It is of course recognized that other items appearing elsewhere in the lists may in occasional cases be of military significance, and account is taken of this possibility in the procedures outlined below.

With the foregoing considerations in mind, and with the concurrence of the Acting Minister of Trade and Commerce and the Minister of National Defence, I recommend that the issue of permits for the export of military equipment should be governed by the following procedures:[8]

I. *General*

1. All export permits shall be issued under the authority of the Minister of Trade and Commerce in accordance with the provisions of the Export and Import Permits Act. In this connection the powers of the Minister at any time to amend, suspend, cancel or reinstate permits at his discretion shall be borne in mind.

2. In certain cases as set out below the Minister of Trade and Commerce shall issue export permits only with the concurrence of the Secretary of State for External Affairs, and in the light of advice from the Minister of National Defence. The Secretary of State for External Affairs shall normally be responsible in these cases for obtaining the views of the Minister of National Defence.

3. In certain of these cases involving interdepartmental consultation, as provided below, the Minister of Trade and Commerce shall issue export permits only with the concurrence of Cabinet.

4. There are many references in this memorandum to responsibilities to be carried out by individual designated Ministers. It is recognized that much of the work involved will in fact be carried out by their Departmental staffs, and it is not intended that all of these various responsibilities will necessarily be fulfilled personally by the Ministers concerned. It is, however, essential that in substantial cases the responsibilities shall be discharged by the Ministers themselves and that in less significant cases the various functions shall be carried out under the supervision of the responsible Ministers. It is in this sense that the responsibilities of individual Ministers as set out below should be interpreted.

5. For purposes of export control, arms and military equipment shall unless otherwise specified be taken to mean those items in Group 8, Part 1 of the Export Control List as approved and amended from time to time by Order-in-Council under the Export and Import Permits Act.

---

[8] Le Cabinet a approuvé ces procédures le 13 septembre 1957./Cabinet approved these procedures on September 13, 1957.

II. *Cases Where Permits Will Not be Issued*

1. Permits will not be issued for shipments of military equipment to any country in respect of which the Security Council or the General Assembly of the United Nations has declared an embargo of arms shipments as long as the Government considers that embargo to be in force, and action will be taken within the powers available to the Government to prevent any such shipments for which export permits may exist from proceeding to that country while the embargo is considered by the Government to be in force.

2. Permits will not be issued for shipments of military equipment to areas under the direct authority of a Communist government, except in the case of Yugoslavia. This applies specifically to Albania, Bulgaria, China (excluding Taiwan), Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, North Vietnam, Poland, Rumania, Tibet, and the U.S.S.R.

III. *Cases Where Permits are not Required, or Where they may be Issued Without Interdepartmental Consultation*

1. Permits are not required by the Regulations for shipments of military equipment to the United States; any re-export from the United States is subject to the export control procedures of the United States. (The United States does not require export permits for similar shipments to Canada, and it is in our interest to safeguard our access to United States sources of supply through this special reciprocal arrangement).

2. Permits for the export of unclassified military equipment may be issued by the Minister of Trade and Commerce without consulting the Secretary of State for External Affairs (although he may so consult on any particular case where he considers it desirable) for the following destinations:

(a) NATO and Commonwealth countries and their dependent territories, *excepting sensitive areas as provided in Section IV, 3, below.*

(b) NATO commands.

(c) Canadian forces outside Canada.

(d) Facilities maintained abroad by Canadian airlines, when the military equipment is for use by those airlines.

IV. *Cases Where Interdepartmental Consultation is Required*

1. Consultation will normally take place between the Minister of Trade and Commerce, the Secretary of State for External Affairs and the Minister of National Defence concerning proposed exports of military equipment to all destinations other than those referred to in Section III above.

2. Such consultation may be omitted, however, at the discretion of the Minister of Trade and Commerce, in the case of items which, while falling within Group 8 Part 1 of the Export Control List, are nevertheless apparently intended solely for non-military use in the recipient country, provided that the destination is not listed in Section IV, 3 below.

3. The Minister of Trade and Commerce will consult the Secretary of State for External Affairs and the Minister of National Defence concerning all proposed exports of military equipment, regardless of the apparent use intended, to be consigned to areas that are considered to be politically or strategically sensitive. A list of such areas is set out below; this list shall be kept under review, and shall be amended from time to time as appropriate by the Secretary of State for External Affairs with the concurrence of the other two Ministers.

American Hemisphere	Nil
Europe	Finland, Yugoslavia.
Africa and the Middle East	Algeria, Morocco, Tunisia; Egypt, Israel, Jordan, Saudi Arabia, Sudan, Syria, Yemen.
South East Asia and the Far East	Afghanistan, Burma, Cambodia, Goa, Hong Kong, India, Indonesia, Laos, Macao, Malaya, Pakistan, South Korea, South Vietnam, Taiwan, West New Guinea.

V. *Approval of Cases Involving Interdepartmental Consultation*

1. The Secretary of State for External Affairs will submit a recommendation to Cabinet on any case referred to him where in his opinion a new question of policy or an important political consideration is involved. Individual cases involving the export of more than $50,000 worth of combat type equipment to sensitive areas will normally be referred to Cabinet, as well of course as cases involving lesser values if the conditions mentioned in the previous sentence are present.

2. In cases where no such question or consideration is involved the Secretary of State for External Affairs, at his discretion but within the limits set out elsewhere in these paragraphs and in the light of advice from the Minister of National Defence, may indicate his concurrence in the issue of export permits without reference to Cabinet.

VI. *Items not Listed in Group 8, Part 1 of the Export Control List*

The Minister of Trade and Commerce may, if he considers it desirable, consult the Secretary of State for External Affairs and the Minister of National Defence in connection with proposed shipments to any destination of goods on the Export Control List but not appearing in Group 8, Part 1.

VII. *Consultation With Other Governments*

The Secretary of State for External Affairs may decide to consult with other interested governments concerning proposed exports in cases where that appears desirable. Such consultations may be undertaken for various reasons such as consideration of the responsibilities of other governments in particular areas, or of the national origin of items which it is proposed to export.

VIII. *Period of Validity of Export Permits for Military Equipment*

1. Export permits for the shipment of military equipment shall be valid only up to a specified date, normally not more than a year from the date of issue. The Secretary of State for External Affairs may recommend to the Minister of Trade and Commerce in particular cases that the period be less than a year, and may if he deems it desirable recommend at any time that a permit already issued be suspended or cancelled. He will also, at his request, be provided with current reports by the Department of Trade and Commerce on the clearance through Customs or through Canadian ports of shipments under particular export permits.

2. Applications for renewals of existing permits beyond the termination date recommended by the Secretary of State for External Affairs, or beyond one year where no lesser period was recommended, to cover balances of orders still unshipped, shall be subject to the same procedures as those provided in the preceding paragraphs for new applications.

IX. *Information to the Prime Minister*

In all cases, the Prime Minister will be informed of any decision relating to the sale of arms before it is actually implemented.

[J.G. DIEFENBAKER]

Concurred in:
Acting Minister of Trade and Commerce
Minister of National Defence

---

237. DEA/50000-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 6, 1958

EXPORT OF VEHICLE SPARES TO ISRAEL

Early in December Trade and Commerce asked for our comments on an application for an export permit, which they were considering granting, to cover the shipment to the Government of Israel of $350,000.00 worth of spare parts for vehicles being used for agricultural purposes. No list was attached as the order was still in process of negotiation.

2. We pointed out, in a letter of December 10,† that to issue a permit at this stage, even with a proviso that no Group 8 (Arms, military equipment, etc.) items be included, would explicitly invite the firm to determine for itself what is and what is not covered by Group 8, and would imply that the order would in fact contain items in some other group of the export control list.

3. We suggested instead that the firm be advised to proceed with its negotiations and submit the detailed list of items if an order should be placed. The list would then be examined, and the firm would be informed if a permit was required. If a permit was necessary but no Group 8 items were involved the permit would be issued promptly; if there were Group 8 items involved a permit would be issued promptly for the remaining items and the firm would be informed as soon thereafter as possible whether a permit would be issued for the Group 8 items.

4. On December 16 we received from Trade and Commerce, and passed to J.I.B. for examination in the light of our comments of December 10, a new application supported by a detailed list of items totalling $185,000 in value. J.I.B. has now informed us that the C.C.O.S. comments are as follows:

> "The items listed are spare parts for tracked and wheeled vehicles. Spare parts prefixed CWR are used on Continental R-975 Radial Engines used in the Sherman type tanks and self-propelled vehicles. The prefix SC1 denotes magneto parts used with the engines of these vehicles.
>
> While it is true . . . that some of these parts could be used in tanks, it is also appreciated that their primary use is probably in the Shervic Tractors which are used by Israel as agricultural equipment. These tractors are de-turretted Sherman, Ram and Grizzly Tanks.
>
> There is no military objection to the export of these items."

5. There is no evidence to suggest that these items are for any purpose other than that declared. The firm in question attaches importance to the order, and has approached officials a number of times to ask when a decision will be available; indeed the order is large enough in value to be of real commercial interest. Apparently the firm hopes to catch a ship sailing this week, and has said that to do this it must make shipment from its Toronto warehouses to-day.

6. I would suggest that we advise Trade and Commerce that if a permit is required, we indicate (on the ground that the apparent use is entirely civil) that this Department sees no objection. Do you agree?[9]

J. L[ÉGER]

---

238. DEA/50000-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], February 8, 1958

EXPORT PERMIT APPLICATIONS FOR THE MIDDLE EAST

Early in November you approved procedures[10] under which we have been able to deal with almost all of the applications which had accumulated for permits to cover the export of items which might be regarded as military equipment. There is, however, one small group of those applications which we set aside for detailed examination; these all concerned, shipments to Israel or Egypt, and because of the special circumstances relating to that area, we wished to consider carefully what recommendation we should make on these cases.

2. In your statement in the House on November 19[11] you referred to the decision of the Government in office at the time of the outbreak of hostilities in the Middle East in October, 1956 "to withhold permission to export to the area any significant military equipment." You explained that the present Government continued to maintain this policy, and added that "since the decision taken by the Government at the end of October, 1956, there have been no shipments of military equipment to Israel. At the time of that decision, permits that had been issued and were still valid were suspended, and no new permits have been issued." In the light of those remarks, we have been considering what disposition we should recommend for the seventeen applications now on hand.

3. For this purpose, we have listed the seventeen applications now on hand in the attached Annex, separating them into three categories. In Category A there are two applications, both for shipments to Israel, but not consigned to the Ministry of Defence and with nothing

---

[9] Note marginale :/Marginal note:
OK SE S[mith]

[10] Ces procédures, approuvées par Sidney Smith, étaient basées sur les politiques générales sanctionnées par le Cabinet. Voir le document 236.

These procedures, approved by Sidney Smith, were based on the general policies endorsed by Cabinet. See Document 236.

[11] Voir Canada, Chambre des Communes, *Débats*, 1957-58, volume II, pp. 1317 à 1318.

See Canada, House of Commons, *Debates*, 1957-58, Volume II, pp. 1279-1280.

to suggest that the items will be used for anything but civil purposes. I suggest that these orders should be accepted at face value as civil orders and that approval be given for their release.[12]

4. In Category B I have placed twelve orders; eleven for Israel and one for Egypt. In each case, the items involved are non-combat items (truck spares, radio spares, tools, piston rings, etc.) but the order is linked in some way with the Defence Ministry (e.g. consigned to it, placed by a Military Attaché, or, in the case of certain orders for truck spares, described as "for use on military vehicles"). I would suggest that the release of the items in this category be *held for the time being*. The main reason for this is that I think it would be unwise at this stage, and in the light of the situation which might develop on the Israeli-Syrian border, to issue releases of any order which could be called "military equipment."[13]

5. Finally, in Category C I have placed three small orders for tank spares for Israel. These are undoubtedly "military equipment," although they are not significant. I would recommend that Export Permits *be not issued for such items*.[14]

J. L[ÉGER]

P.S. Since this memorandum and its Annex were prepared, we have been informed that the Department of National Defence has no objection to a further application recently received. This related to $75.00 worth of aircraft engine parts for the Government of Israel "for a governmental agency;" it is entirely analogous to a similar order listed in Category A in the Annex and should, in my view, be dealt with in the same manner as that application.[15]

P.P.S. Even more recently we have received the same report from National Defence on still another order of exactly the same type amounting in this case to a value of $2,920.00.[16]

[PIÈCE JOINTE/ENCLOSURE]

Annexe/Annex

CONFIDENTIAL

CURRENT EXPORT PERMIT APPLICATIONS FOR THE MIDDLE EAST

1. *Category A*:

(a) $2,165.00 worth of aircraft engine parts, consigned to the Government of Israel "for a governmental firm;" these parts are for a standard piston engine used on a wide range of civil and obsolete military aircraft;

(b) Telescopic radio antennae valued at a total of $3,750.00 to be consigned to a private aircraft overhaul and maintenance firm at Lydda Airport in Israel.

---

[12] Note marginale :/Marginal note:
I concur SE S[mith]

[13] Note marginale :/Marginal note:
I concur SE S[mith]

[14] Note marginale :/Marginal note:
I concur SE S[mith]

[15] Note marginale :/Marginal note:
I concur SE S[mith]

[16] Note marginale :/Marginal note:
I concur SE S[mith]

2. *Category B*:

(a) $728.13 worth of truck spares for the Government of Israel;

(b) $1,617.50 worth of miscellaneous radio equipment (switch boxes, control units, variometers, telegraph keys) for the Ministry of Defence of Israel;

(c) $1,050.50 worth of truck spares for the Government of Israel;

(d) $1,277.80 worth of truck spares for the Government of Israel;

(e) $2,163.08 worth of truck spares for the Government of Israel;

(f) 2,000 ft. of electrical conduit cable valued at $350.00 for the Ministry of Defence of Israel;

(g) $262.50 worth of radio antenna spares for the Government of Israel;

(h) $225.00 worth of radio antenna spares for the Government of Israel;

(i) $143.70 worth of miscellaneous radio spares for the Ministry of Defence of Israel;

(j) $433.75 worth of miscellaneous tools for the Government of Israel;

(k) $32,304.00 worth of automotive piston rings for the Government of Egypt;

(l) $530.00 worth of miscellaneous radio equipment for the Ministry of Defence of Israel.

3. *Category C*:

(a) $500.00 worth of Sexton tank spares for the Government of Israel;

(b) $2,500.00 worth of M4 tank spares for the Government of Israel;

(c) $2,504.80 worth of half-track tank spares for the Government of Israel.

---

239. DEA/50000-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], February 12, 1958

PROPOSED EXPORT OF SHERVIC TRACTORS TO ISRAEL

I attach for your signature a memorandum for the Prime Minister setting out the considerations relating to the application for a permit to export fifty "Shervic Tractors" (demilitarized tanks) to Israel. As you requested the matter has been set out in the same terms as I used in my memorandum of February 4† to you.[17]

J. L[ÉGER]

---

[17] Note marginale :/Marginal note:

This came back through Mr. Campbell, M[iddle] E[ast] Div. who tells me that the answer is "No" and that it comes from the Prime Minister. K. G[oldschlag] 20/2

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], February 12, 1958

PROPOSED EXPORT OF SHERVIC TRACTORS TO ISRAEL

We have on hand an application for an export permit to cover the shipment to Israel of 50 Shervic Tractors valued at $300,000. These vehicles are Sherman tanks which have been "demilitarized" through the removal of the armoured gun turret and gun and the ring gear on which the turret revolves. They are to be consigned to the Solei Boneh Construction Company in Tel Aviv and, according to the applicant, used (equipped with booms, etc.) for lifting heavy objects and other similar purposes in conjunction with a shipbuilding project including the construction of a shipyard.

2. The general description of the original vehicles as Sherman Tanks could in fact cover several different types of World War II vintage having a common chassis, engine and caterpillar propulsion system and differing only in the armour, turret and gun. The demilitarized version of these vehicles, under the name "Shervic Tractors", is used not uncommonly for civil purposes. They were, for example, the vehicles used a few years ago in the unsuccessful British venture to establish the production of ground nuts in Central Africa, and upon the abandonment of that programme Israel acquired a number of the vehicles involved.

3. Early in January I approved the issue of an export permit for an order for about $180,000 worth of spare parts for these vehicles, to be consigned to the Government of Israel for the maintenance of Shervic Tractors being employed for agricultural purposes in a land recovery and development project in the Negev desert. This decision was based in part on advice from National Defence that while these spares (engine parts and so on) could be used on Sherman tanks the probability was that they would in fact be used merely for the maintenance of the Shervic tractors which it was known were being employed by the Government of Israel for the purpose stated.

4. In the case of the present order, however, National Defence has some misgivings. They have drawn to our attention two possibilities; the first and most obvious is that the fifty vehicles "represent a sizeable source of spare parts for Israeli armour holdings of 300 plus Sherman tanks and 90 plus M-10 self-propelled vehicles." (We believe that the M-10 self-propelled vehicles have the same body fitted with a fixed field gun rather than a rotary gun-turret.) The second possibility is that these "demilitarized" vehicles could if necessary be reconverted into military vehicles through the remounting of turrets and guns of which Israel may well have a supply as maintenance spares for their existing armour. National Defence "has no objection to the proposed export from a security or intelligence point of view," which means that the vehicles are not classified in any way, and that there is no evidence on intelligence grounds that they would in fact be used for an undesirable purpose or that their acquisition would lead Israel to take military action for which she would not otherwise be prepared. Nevertheless National Defence considers that we should take account of the two possibilities mentioned in reaching a decision on whether to approve the issue of an export permit.

5. The apparent intended use is obviously unobjectionable, and the purchase of such second hand vehicles for this purpose at $6,000 each is a reasonable transaction in view of the fact that tractors manufactured specifically for the same purposes are probably significantly more expensive. The exporting firm has stated that they are in competition for this order with suppliers in the United Kingdom who allegedly have supplied Shervic Tractors to Israel in the past (possibly those released on the abandonment of the ground nuts project). The firm, Levy Auto Parts of Toronto, is naturally most anxious to obtain approval for the export; on the basis of past experience with this firm we may expect that a refusal will be followed promptly by representations to officials of this Department and to myself by the firm's legal adviser. Against these considerations must be weighed the misgivings expressed by National Defence, and the fact that if the shipment were to become a matter of public knowledge the vehicles could accurately be described as tanks, demilitarized it is true but capable of being refitted for combat use.

6. In the circumstances I would be disposed to advise against release of the order, but a decision to refuse the permit should be taken only in the knowledge that it will undoubtedly cause the exporter great distress and will be represented by him and his spokesmen (who may include some Members of Parliament) as unwarranted interference with a legitimate export of vehicles intended solely for an unexceptionable civil use.

7. I should be grateful for your advice in the matter. I may add that the firm is already pressing Trade and Commerce for a decision; any extended delay will be tantamount to a rejection of the application as it will probably lead to loss of the order to United Kingdom competition, since (as we understand) the shipment would probably not be classed as military equipment by the United Kingdom government.

SIDNEY SMITH

---

240. DEA/50000-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], April 2, 1958

EXPORT PERMIT APPLICATIONS FOR THE MIDDLE EAST

In my memorandum of February 8, which I attach for your convenience, I discussed a number of export permit applications for shipments to the Middle East which were on hand at that time. I divided the applications into three categories, those which had no apparent military connotation, those which were in themselves civil but where the circumstances of the order raised some military connotation, and those which were explicitly military. You approved my recommendation that items in the first category be released, that the applications in the third category be rejected, and that those in the second category be held for the time being.

2. We have been under continued pressure from Trade and Commerce to give them a decision one way or the other on the items held in suspense. They find it embarrassing to be forced to answer enquiries from the applicants that there is still no decision. In at least one of these cases the applicant has written to say that his order (for some $530 worth of miscellaneous radio equipment for the Ministry of Defence of Israel) is about to be lost to

a USA competitor. There is no doubt that most and perhaps all of the items in this category are in themselves so innocuous that under their present policies the USA and UK governments would be prepared to issue export permits and accordingly there is a continuing risk that these orders may be lost to competitors in those countries. It is the view of our officials that the military connotation of these orders (consignment to a Ministry of Defence, placement through a Military Attaché, etc.) is pretty tenuous and academic and that any significant criticism of shipments would surely have to be based upon the actual nature of the items shipped rather than upon such marginal considerations. As we are satisfied that the items in question are not in fact of any significance, it is difficult to see any real objection to their release. Refusal to release them on the other hand might be attacked as unwarranted interference with legitimate commercial export activities at a time when it is in the national and individual interest to facilitate such activities in all possible ways. In these circumstances I recommend that approval now be given for the issuance of these export permits.[18]

D.V. LeP[an]
for Under-Secretary of State
for External Affairs

---

241. DEA/50000-B-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs
to Under-Secretary of State for External Affairs

Confidential [Ottawa], August 11, 1958

ARMS FOR ISRAEL

1. The Israeli Chargé d'Affaires, Mr. Moshe Erell, called this afternoon to let us know that in line with their assessment of the new situation in the Middle East, as described by the Ambassador to the Minister on July 26, the Israeli Government would be making a request to buy arms from Canada. They were making the same request also in a number of other countries, including the U.S.A.

2. Mr. Erell said that the particular item they are interested in purchasing from Canada is an aerial torpedo manufactured by Westinghouse Electric. He did not know much about it but would be able to be more specific when they were ready to order.

J.B.C. W[atkins]

---

[18] Note marginale :/Marginal note:
I concur SE S[mith] April 8, 1958

242. DEA/50000-B-40

Le premier ministre
au secrétaire d'État aux Affaires extérieures

Prime Minister
to Secretary of State for External Affairs

PRIVATE AND CONFIDENTIAL Ottawa, August 23, 1958

My dear Colleague:

[five words were removed/cinq mots ont été supprimés] was in to see me the other day following an interview with the Zionist Organization of the Canadian Jewish Congress with the suggestion that some consideration be given at the earliest possible date to supplying Israel with Aerial Torpedoes.

[two words were removed/deux mots ont été supprimés] pointed out that they are in no way offensive weapons and that the defensive strategy of Israel demands that they have something of this nature to fill in the gaps in their defences.

Yours sincerely,
JOHN DIEFENBAKER

---

243. DEA/50000-B-40

Le secrétaire d'État aux Affaires extérieures
au premier ministre

Secretary of State for External Affairs
to Prime Minister

SECRET Ottawa, September 4, 1958

My dear Prime Minister,

With reference to your letter of August 23, 1958, about [two words were removed/deux mots ont été supprimés] conversation with you, you may be interested to note that the Israeli Embassy in Ottawa also has enquired whether Canada would be prepared to supply Israel with aerial torpedoes produced by Canadian Westinghouse. No export permit application for aerial torpedoes has been received and it may therefore be assumed that the Israeli Government wishes a decision in principle on the availability of the torpedoes from Canada.

Before commenting on these requests, it might be useful to review the present position of Canada, as well as the United States and the United Kingdom, on the question of supplying Israel with arms.

Since October 1956, the Canadian policy has been to refuse export permit applications for significant military equipment to the Middle East, including Israel. On August 8, 1958, you will recall telling representatives of the Canadian Jewish Congress and the United Zionist Council that the present practice seemed to have served everyone well, although, if circumstances changed seriously to Israel's disadvantage, representations on behalf of Israel would receive most sympathetic consideration. I pointed out at the time that so far conditions in the Middle East had not greatly changed.

The United States has, according to our Embassy in Washington, continued to receive requests for substantial types and quantities of arms from Israel. On August 18, 1958, the responsible officer in the State Department informed our Embassy that no change was expected in their present policy of authorizing the export of limited amounts of spare parts to Israel but of turning down requests for "end use" items, i.e., actual military equipment in complete form.

The United Kingdom has also been pressed by Israeli representatives, including the Israeli foreign minister, for new supplies of arms. The United Kingdom has so far followed a policy similar to our own, the only notable exception — and clearly so designated by the U.K. authorities — being the provision of Meteor night fighters under a contract entered into prior to October 1956 which, in the event of a failure to deliver, would have resulted in a substantial claim against the United Kingdom Government's exports insurance department.

On August 11, 1958, the Israeli Foreign Minister was told that the United Kingdom saw no objection from the political point of view to Israel's buying any kind of naval equipment or half-tracks, but that further consideration would be required before the purchase of heavy tanks could be agreed to.

It is difficult to say whether the United Kingdom will in the event agree to supply the heavy equipment because this would constitute a major departure from past policy. It may be relevant to the statement made to the Israeli Foreign Minister that the Israeli Government had been putting pressure on the United Kingdom Government both for arms and for some understanding tantamount to an alliance between the two countries as a consequence of the crisis in the Middle East and, more particularly, as a form of *quid pro quo* for the services rendered to the United Kingdom by Israel in facilitating the transportation of United Kingdom forces into Jordan by granting over-flight privileges.

A further important consideration in assessing the course of future Western policy on this question is the philosophy underlying President Eisenhower's statement to the emergency special session of the United Nations General Assembly on August 13, 1958.[19] You will recall that in that statement the President drew attention to the need for preventing spiraling military build-ups in the Middle East which would lead not only to economic impotence but to war; and he stated that the United States would be glad to support the establishment, at the request of the participants in the Arab-Israeli War, of an appropriate United Nations body to examine this problem as a first step towards arms control arrangements in the area.

Although the Israeli Government welcomed the broad lines of the President's address as a whole, they made known to us in New York their concern about the implications of President Eisenhower's statements on arms control. I think we can take it, therefore, that the Israeli Government is now making a concerted effort to counteract the implications of President Eisenhower's statement. Although they have an undoubted right to do this, we need not assume that their indications of concern necessarily imply that circumstances in the Middle East have changed to their great disadvantage. This is a question of judgment on which opinions might properly differ, but information that we have would not support the contention that the military balance has been seriously altered as a result of recent events.

I prefer, however, to deal with the Israeli request in the light of the position we have recently taken on the broad question of the pacification of the Middle East. The United

---

[19] Voir/See Document 372, note 107.

Nations, with Canada's full support, adopted unanimously only a few days ago a resolution which provides for United Nations efforts at peace-making in the Middle East under the Secretary-General's personal direction.[20] It is implicit in this United Nations decision that the problems of the Middle East should be solved by negotiation and conciliation rather than through force. It would be inconsistent, I think, for the Canadian Government now to encourage any of the states concerned in the Middle East to suppose that our support for or confidence in such peaceful methods was less than adequate, or that we were not ourselves prepared to facilitate a peaceful solution by exercising restraint in our national policies towards all the states of the area. A second major consideration is the Canadian desire, to which I gave expression in the statement I made before the emergency special session on August 9, 1958,[21] to see established a network of non-aggression pacts in the area which could guarantee the independence and integrity of each and all Middle East states. I then stated that I hoped that the cordial relations established between the Arab states during the session would be carried forward into their individual and collective relations with non-Arab states of the region. I had, of course, the interests of Israel particularly in mind in making these statements, as I feel confident that it is only by such arrangements that Israel's security can really be guaranteed. For that plea I was thanked by the Israeli representative at the United Nations. It seems to me that it would be inconsistent with the policies which we have been advocating to contemplate now a change in our arms export policy.

Accordingly, I would suggest that the Israeli request should be declined at the present time, with an explanation along the foregoing lines and an assurance that we fully intend to keep the situation under continuous review. On the other hand, if the situation in the Middle East appears to be developing in a way that would seriously threaten the security of Israel, we should reconsider the policy relating to the export of arms to that area.

Yours faithfully,

SIDNEY SMITH

---

244. DEA/50000-B-40

Note du chef de la Direction économique
pour la Direction du Moyen-Orient

Memorandum from Head, Economic Division,
to Middle Eastern Division

CONFIDENTIAL [Ottawa], September 4, 1958

EXPORT OF ARMS TO ISRAEL

In the attached letter from Mr. R.J. Powell of the Canadian Commercial Corporation, we are asked to express an opinion on the possibility of an export permit being issued to cover the sale of $26,560. worth of 24 pdr. guns which the Crown Assets Disposal Corporation is willing to sell to Israel.

May we have your comments please.

L.E. COUILLARD

---

[20] Voir/See Document 381.

[21] Voir/See Document 379, note 111.

[PIÈCE JOINTE/ENCLOSURE]

Agent adjoint aux renseignements, Corporation commerciale canadienne, au sous-secrétaire d'État aux Affaires extérieures

Assistant Enquiries Officer, Canadian Commercial Corporation, to Under-Secretary of State for External Affairs

Ottawa, August 22, 1958

Dear Sir,

We have received a request from the Government of Israel, through their Canadian representative Minmet Corporation Limited, Montreal, P.Q., to submit a quotation for the supply of surplus 25 pdr. guns which Department of National Defence have turned over to Crown Assets Disposal Corporation for disposal.

It would be the intention of the Israeli Government to purchase these guns on an as is, where is, basis and to make arrangements with the Department of National Defence to have them broken down and all useable parts would be crated and delivered to Israel. These parts would be utilized in the maintenance of 25 pdr. equipment which the Government of Israel previously purchased in Canada.

We are informed by Crown Assets Disposal Corporation that there are 83 of these guns available, located at 5 different ordnance depots. The unit price would be $320.00 each for a total of $26,560.00. To this would be added the cost of the reclamation work to be done by the Department of National Defence, if arrangements can be made; we understand that D.N.D. are receptive to the idea.

Would you please advise as soon as possible as to the possibility of obtaining an export permit to cover this transaction in the event an order should be received.

Yours very truly,

R.J. POWELL

---

245. DEA/50000-B-40

Note du chef de la Direction du Moyen-Orient pour le sous-secrétaire d'État aux Affaires extérieures[22]

Memorandum from Head, Middle Eastern Division, to Under-Secretary of State for External Affairs[22]

CONFIDENTIAL [Ottawa], September 15, 1958

Reference: Mr. Watkins' Memoranda of August 11 and 18.†

---

[22] Note marginale :/Marginal note:

HBO Robinson SSEA's office for info esp. para. 3. A final decision would be helpful on this & other pending applications. R. G[rey]

H.B. Robinson a paraphé cette annotation.

H.B. Robinson initialled this notation.

ARMS FOR ISRAEL

The Israeli Chargé called on Friday[23] to renew his Government's request for the purchase in Canada of Mark 41-1[24] aerial torpedoes about which he had spoken to Mr. Watkins twice in August. Erell was evidently aware that [four words were removed/quatre mots ont été supprimés] a Canadian who has been active in the supply to Israel of military spare parts, had broached this same matter with the Prime Minister and had been told in a letter of September 6, copy of which I attach, that no immediate decision on aerial torpedoes could be expected. Erell threw out the further suggestion that if actual deliveries could not be arranged now, perhaps training in the use of this particular weapon could be arranged in Canada to provide the necessary Israeli capability should delivery later be authorized on the basis of Canada's continuing review of the military balance in the Middle East. In this connection, Mr. Erell referred to information which the Israeli Government had received from London confirming that the Soviet Union was about to embark upon arms deliveries to Iraq. Clearly the Israelis would regard this development as one which would substantially alter the military balance in the Middle East to their disadvantage and would regard it further as reason for urging upon the Canadian Government a re-consideration of its arms export policy.

2. Erell did not specifically relate the Iraqi Intelligence to the current request however. The aerial torpedoes, he said, were intended only to enable the Israeli Navy to match the UAR's new submarine capability. He had no information as to the number of such torpedoes which Israel might require.

3. On the basis of Mr. Guest's attached letter of September 6, I was of course noncommittal with Erell. That letter seems to imply that the request is simply in abeyance but it seems to me that the Israelis will continue to press until they have had an unambiguous answer to their request. The question of training facilities for use of the aerial torpedoes is one which could perhaps be deferred until a final decision is taken on the supply of the weapons.[25] You will recall that the Minister suggested in his letter of September 4 to the Prime Minister that the request be turned down.

ROSS CAMPBELL

[PIÈCE JOINTE/ENCLOSURE]

L'adjoint exécutif et secrétaire particulier au premier ministre
à [four words were removed/quatre mots ont été supprimés]

Executive Assistant and Private Secretary to Prime Minister
to [four words were removed/quatre mots ont été supprimés]

CONFIDENTIAL Ottawa, September 6, 1958

Dear [one word was removed/un mot a été été supprimé]

The Prime Minister asked me to write to you and let you know that he has had a detailed four page analysis from the Secretary of State for External Affairs on the question of the export of the products which might be produced by Canadian Westinghouse for Israel.

---

[23] Note marginale :/Marginal note:
Sept 12/58 [Rodney Grey]

[24] Note marginale :/Marginal note:
earlier memo of Aug. 18† refers to Mk. 43-1 E. R[ettie]

[25] Note marginale :/Marginal note:
I agree J. L[éger]

Under the circumstances of secrecy which necessarily surround this policy decision, I cannot, of course, discuss it by mail. However, may I say that while no immediate decision is contemplated, for the reasons outlined in the Minister's letter to the Prime Minister, you can be assured that it is fully intended to keep the situation under continuous review. You can be further assured that if the situation in the Middle East appears to be developing in a way that would seriously threaten the security of Israel, there would be an immediate full reconsideration of the policy of the government.

Perhaps you will find an opportunity in the ensuing weeks to discuss this matter again with the Prime Minister or with Mr. Smith.

Meanwhile, I send my best personal regards.

Yours sincerely,
GOWAN T. GUEST

---

246. DEA/50000-B-40

Note du chef de la Direction du Moyen-Orient pour la Direction économique

Memorandum from Head, Middle Eastern Division, to Economic Division

CONFIDENTIAL [Ottawa], September 22, 1958

Reference: Your Memorandum of September 4, 1958

EXPORT OF ARMS TO ISRAEL

The eighty-three 25-Pdr. guns which the Crown Assets Disposal Corporation has for sale to Israel would appear to come in the category of "significant military equipment," the sale of which is denied to Middle Eastern countries under our existing arms export formula, despite the fact that arrangements would be made to have the guns dismantled for delivery to Israel and that it is the stated intention to use the parts for the maintenance of 25-Pdr. equipment which the Government of Israel has already purchased in Canada.

2. The present policy governing arms exports to the Middle East was set out at some length in a letter dated September 4 from the Minister to the Prime Minister in connection with an Israeli request to purchase, from Canadian Westinghouse, an unspecified number of aerial torpedoes, another item in the "significant military equipment" category. It is my understanding that, in dealing with that enquiry, the Prime Minister made no change in the existing criteria governing the approval or rejection of the necessary export permit, although he did reiterate the assurance that the present policy would be reviewed should there be any major change in the military balance in the Middle East. As of the present time, no such determination has been made and the policy of refraining from the export of items of a significant military character presumably is to continue. In our opinion, the Canadian Commercial Corporation should be informed that an export permit could not be granted for the 25-Pdr. guns.

ROSS CAMPBELL

247. DEA/50000-B-40

[quatre mots ont été supprimés]
au secrétaire d'État aux Affaires extérieures

[four words were removed]
to Secretary of State for External Affairs

PERSONAL & CONFIDENTIAL Toronto, October 9, 1958

My dear Minister,

LICENCE TO EXPORT CANADIAN WESTINGHOUSE AERIAL TORPEDOES TO THE STATE OF ISRAEL

About two weeks ago, I received a letter from Mr. Gowan Guest[26] in which the Prime Minister informed me of the memorandum that your Department had prepared in regard to the above mentioned matter and of the subsequent conversation that he had with you. The Prime Minister also suggested that the next time I was in Ottawa I should carry on some further conversations with you. I did not feel justified in bothering you when you had the great burden of the United Nations meeting. However, as I will not be in Ottawa for some weeks, I am writing this short memorandum to you in order to briefly express my further views on this matter.

The letter that was sent to me indicated that your Department was keeping the question of exporting any defensive armaments to Israel under review and, if they felt the security of the country was jeopardised, they were then prepared to act quickly. My only feeling in this regard is that events seem to happen so quickly in the Middle East that, unless it is prepared in advance, it would be too late for them to derive benefit from any assistance from Canada, particularly from a weapon such as an aerial torpedo, whose only function is to prevent an invasion or blockade by sea. The necessity for preparation well in advance has recently been very properly recognised by our own Government when it made its decision in regard to the Arrow.[27] The governmental policy there was that proper defence planning is something which must be done with a long range point of view and cannot be properly done after a crisis has arisen.

You will note that the only weapon that the Government of Israel is strongly pressing for is the aerial torpedo manufactured in this country by Canadian Westinghouse. This particular weapon, or a similar one, is not made in any other country and, therefore, Israel can only turn to Canada. The need for the torpedo is a very real one as the weakest point of that country's defence is its sea coast and, while this is not the most effective defence for this purpose, yet it is the only one that is inexpensive enough for Israel to afford.

The views of both the Government of the United Kingdom and the Government of the United States have of late been modified on the question of supplying Israel with special equipment. The United Kingdom has sold certain naval equipment to Israel and the United States certain anti-tank equipment. I, therefore, most respectfully submit that, in allowing the purchase of the aerial torpedo, you will only be keeping pace with our principal allies. Moreover, I am bold enough to say that I feel that there is now a public awareness that Israel is the most reliable friend of the Western Powers in the Middle East and a move to help their defence in this limited manner would be supported by public opinion across the country.

---

[26] Voir la pièce jointe au document 245./See the attachment to Document 245.

[27] Voir le chapitre premier, 4^e partie, section A./See Chapter I, Part 4, Section A.

In conclusion, I would like to say, Sir, how much I appreciate your interest in this problem and the sympathetic attention that you are giving to it. When I was in Ottawa some weeks ago, I hoped to be able to discuss it first with Ross Campbell of your Department, who is an old school mate of mine. I realize how well informed he is on the Middle East and how important his advice is to the Government. Unfortunately, he was not at his office on the occasion I was there.

If I can be of any further assistance at any time in this regard or can obtain any further information for you I shall be most privileged to do so.

With kindest personal regards.

Yours very truly,

[three words were removed/trois mots ont été supprimés]

---

248. DEA/50177-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], October 15, 1958

UNITED KINGDOM POLICY TOWARDS ISRAEL

As described in the attached London telegrams 3906† and 3912† of October 9, the United Kingdom decision to supply Israel with submarines and tanks, although publicly said not to constitute a change in United Kingdom policy, may in fact involve a far-reaching revision of policy and not just a temporary departure from it. If so, the revision is somewhat disturbing.

2. Since the Soviet bloc decision in 1955 to enter the arms supply field in the Middle East on the Arab side, it has been clear not only that the Western powers no longer had exclusive control over the arms balance between Israel and the Arab states which had been the main purpose of the 1950 Tripartite Declaration;[28] but also that a further Western attempt to maintain a balance would amount to acceptance of the inevitability of an arms race in which the West would be increasingly identified with Israel against an overwhelming preponderance of Arabs who in turn would be increasingly driven into reliance on the Soviet bloc. The futility of such an alternative has impelled the Western powers to pursue for the past two years a policy of restraint in arms supply and to maintain impartiality in the Arab-Israeli dispute.

3. It has always been understood, of course, that such policies might have to be discarded if there were an immediate threat of the use of superior Arab military force against which United Nations emergency assistance could not be mobilized in time. The current Israeli campaign for more arms hinges largely on the imminence of such a threat as a consequence of the Iraqi revolution,[29] with the added implication that, holding more arms, Israel would feel less insecure and hence less likely to change its policy of military preparedness

---

[28] Voir volume 20, document 700, note 4./See Volume 20, Document 700, note 4.

[29] Voir/See Document 340, note 85.

to one of preventing military measures. In fact, however, the joint intelligence assessment as of mid-1958 was that the military capability of the *combined* Arab states (including of course Iraq) was not superior qualitatively or quantitatively to that of Israel; while there has been no greater indication since the Iraqi revolution than before it that the Arabs intend to seek a trial of military strength with Israel.

4. In the absence of an immediate threat to Israeli security, it is difficult to comprehend, even as a short term expedient related to the need of assured air routes over Israel to and from Jordan, an apparent change in United Kingdom policy which runs so directly counter to the trend established at the recent Emergency Special Session of the United Nations General Assembly.[30] That assembly not only in effect reduced the need for great power involvement in the region and established in its place new United Nations machinery in the area which would be available to protect Israel as well as the Arab states; but also witnessed in President Eisenhower's speech an emphatic reaffirmation of United States opposition to an Arab-Israeli arms race and a corresponding suggestion for a United Nations examination of their arms imports as a first step to control or limitation. The United Kingdom and Israel thus would appear to be disregarding these hopeful possibilities by reverting prematurely and publicly to policies relying principally on military strength.

5. If you agree with the general lines of this analysis, you may wish to approve the attached draft telegram to London[31] and, since the United States was consulted about the release of the tanks to Israel, to Washington also, seeking the views of the Foreign Office and the State Department on the implications of a renewed trend towards a Middle East arms race.

J. W[ATKINS]
for Under-Secretary of State
for External Affairs

---

249. DEA/50000-B-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM ME-303 Ottawa, October 15, 1958

SECRET. OPIMMEDIATE.

Reference: London tels 3906† and 3912† Oct 9.

Repeat Washinton, NATO Paris, Paris, CCOS (Priority), Cairo (Deferred) (Information).
By Bag Tel Aviv, Beirut from London.

---

[30] Voir la 6e partie, section (b) de ce chapitre./See Part 6, section (b) of this chapter.

[31] Note marginale :/Marginal note:
Approved & sent Oct. 15 [J.B.C. Watkins]
Voir le texte de ce télégramme dans le document suivant.
See the following document for the text of this telegram.

UK POLICY TOWARDS ISRAEL[32]

The London reference telegrams indicate that privately the UK decision may involve not repeat not just temporary departures from established arms export policy, but a far-reaching revision of policy going beyond the question of arms.

2. When the Soviet Bloc in 1955 entered into the arms supply picture in the Mideast, it was clear that thereafter the Western Powers no repeat no longer had exclusive control over the Arab-Israeli arms balance which was the main purpose of the Tripartite Declaration of 1950. Also, since the Soviet Bloc was the Arab supplier, it has been clear that a Western attempt to maintain a balance would amount to acceptance of the inevitability of an arms race in which the West would be increasingly identified with Israel against an overwhelming preponderance of Arabs who in turn would increasingly be driven into reliance on the Soviet Bloc. The futility of such an alternative has impelled the Western Powers to pursue for the past two years a policy of restraint in arms supply and to maintain impartiality in the Arab-Israeli dispute.

3. It has always been understood, of course, that such policies might have to be discarded if there were an immediate threat of the use of superior Arab military force against which UN emergency assistance could not repeat not be mobilized in time. The current Israeli campaign for more arms hinges largely on the imminence of such a threat as a consequence of the Iraqi revolution, with the added implication that, holding more arms, Israel would feel insecure and hence less likely to change its policy of military preparedness to one of preventive military measures. In fact, however, the joint intelligence assessment as of mid-1958 was that the military capability of the combined Arab States (including of course Iraq) was not repeat not superior qualitatively or quantitatively to that of Israel; while there has been no repeat no greater indication since the Iraqi revolution than before it that the Arabs intend to seek a trial of military strength with Israel.

4. As a temporary departure from established policy, brought about by the need for assured air routes over Israel to and from Jordan, some concessions to Israeli demands would be understandable. As a permanent feature of UK Mideast policy, it is, however, difficult to comprehend, in the absence of an immediate threat to Israeli security, a change which can only excite the resentment of all Arab States and which runs so directly counter to the trend established at the recent Emergency Special Session of the UNGA.

5. The Canadian Government has consistently followed the policy of refusing to license the export to the Mideast of significant military equipment. At the same time the Government has held that the best Western approach to Mideast problems would be to encourage reliance on UN machinery in the pursuit of negotiated solutions, for which policies of conciliation and restraint are the necessary prerequisites rather than the precarious balancing of positions of military strength. The recent Emergency Special Session laid a framework for enlarged UN activity, primarily designed to meet inter-Arab problems, but as President Eisenhower made clear in his statement of August 13, equally intended to reinforce existing UN responsibility in Arab-Israeli affairs. A renewal of arms deliveries would seem inconsistent with a trend which gave the UN the central role in seeking peaceful solutions to all Mideast problems.

6. Until the UN approach has had adequate time to prove effective, the situation clearly demands constant review and should Israel's security be seriously threatened, an immediate reconsideration of Western policy would be necessary. Meanwhile, we should be

---

[32] Note marginale :/Marginal note:
Repeated to N.Y. on Oct. 21/58 E. R[ettie]

grateful to know how the FO/State Department respond to an analysis of the situation along the foregoing lines.

---

250. DEA/50000-B-40

Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre

Memorandum from Secretary of State for External Affairs
to Prime Minister

SECRET [Ottawa], October 17, 1958

SALE OF COMMUNICATIONS EQUIPMENT TO THE ISRAEL ARMY

The Israeli Army has placed with Radio Engineering Products, Montreal, an order for 100 telephone terminal units valued at $5000.00 each.

2. These equipments are used at the ends of long distance telephone circuits, whether radio, cable, or wire, and I understand that they are required almost entirely for permanent installations constituting the civil communication system in the southern part of Israel which are operated by the Israeli Army.

3. The Department of Trade & Commerce is naturally anxious to issue an export permit because of the commercial importance of this $500,000.00 order. Of this sum, $125,000.00 would be paid in advance, and shipments would start in April 1959. An important feature of the order, I am told, is that the Canadian Army is planning to place an order for about 100 units of the same equipment; approval of the Israeli order would therefore lower the cost, improve the quality, and reduce the delivery period on a Canadian order.

4. Both my Department and the Department of National Defence have recommended that the sale be approved and I concur in this judgment. In this I have been influenced not only by the considerations set forth above, but also because the order cannot be regarded as significant military equipment.

5. In view of the magnitude of this order and of the sensitivity of the Near East I thought I should bring it to your attention. I should be grateful to learn whether you share my view that an export permit may be issued.[33]

SIDNEY SMITH

---

251. DEA/50000-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2529 Washington, October 17, 1958

SECRET. OPIMMEDIATE.
Reference: Your Tel ME-303 Oct 15.

---

[33] Note marginale :/Marginal note:
Prime Minister agrees, Oct 20 H.B. Robinson

Repeat London, NATO Paris, Paris, Cairo deferred from Ottawa, CCOS (Information). By Bag Tel Aviv, Beirut from London.

ISRAEL-USA POLICY

We discussed today with Meyer (Deputy Director Near Eastern Affairs) the analysis given in your reference telegram of policy considerations with respect to the supply of arms to Israel.

2. Concerning the assessment aspects of this analysis Meyer said that the State Department would be in general agreement with the Canadian view except that they would not agree that the military capability of combined Arab States (including Iraq) was not superior quantitatively to that of Israel. Meyer said that it was the State Department belief that in certain categories (particularly tanks and aircraft) the UAR alone had a definite quantitative superiority over Israel. Qualitative superiority was another matter, however. He said that the USA appreciation was that Israel was qualitatively equal to any military challenge that might come from the Arab side. This qualitative superiority was particularly important in relation to air strength.

3. Meyer said that the State Department would also agree that there was little evidence of any special Iraqi interest in Palestine since the July 15 coup. The new régime, he said, had enough problems at home to preoccupy its full attention and like its predecessor was likely to let the Arab countries adjacent to Israel do the principal worrying about the Israeli threat. It was of course possible that when Iraq was in a stronger position at home it might take a more active interest in the alleged Israeli threat to the Arab countries. So far as Israeli security was concerned, however, Meyer agreed that the change in régime in Iraq had made little, if any, difference.

4. On the policy side Meyer also said that the State Department would generally concur in the Canadian appraisal. He said that the USA attitude had been that it preferred not to become a major supplier of arms to Israel. The USA had permitted the export of small arms, spare parts and light equipment (with some credit facilities, though mainly on a cash and carry basis) but had not got into the position of supplying any heavy equipment. Meyer did not anticipate any change in USA policy in this respect. At the same time, he said the USA recognized that Israel had security problems and the USA could see no reason to object to their getting heavy military equipment from countries other than the USA.

5. Meyer went on to say that the present Israeli campaign for stepping up their arms imports had a financial as well as a procurement facet. The Israelis were looking hard for generous credit terms in arranging their arms purchases — more generous than the USA would consider extending at the present time.

6. Meyer said that the Israelis continued to raise from time to time the question of additional security guarantees from the USA. The USA response to these enquiries was that documentation on the USA position (e.g. the 1950 Tripartite Declaration and the Eisenhower Doctrine)[34] was adequate and furthermore the general record of USA policy in connection with threats to the security or independence of small countries made it clear where the USA would stand in the event of an attack upon Israel. Meyer added that the USA view was that the answer to Israel's security problem did not lie in an armaments race and further that they would hope that such available political instrumentalities as the UN could have a reassuring effect on Israel.

---

[34] Voir/See Document 313, note 69.

7. Meyer went on to say that a principal reason for Israel's current campaign to increase its military strength was the situation in Jordan which had become much more unstable as an immediate consequence of Iraq's revolution. Israel would, with good reason, feel its security under a much greater threat if Jordan should come under the direct control of Nasser.

8. Concerning the extent to which Israel's concern about the security of Jordan is currently justified, Meyer said that he thought there were two important deterrents which would tend to ensure that Nasser would not make an early bid for the control of Jordan. The first of these was the social and financial liability of taking on the responsibility for the Palestine refugees in Jordan. Secondly, Nasser was aware of Israel's fear of encirclement by the UAR and was not disposed to risk hostilities with Israel at this time by stimulating this fear. A third deterrent in a somewhat different category and of more doubtful importance was the Arab resolution passed by the emergency session of the General Assembly.

9. We asked Meyer whether, if Israel was able substantially to increase its imports of armaments from non-USA sources, the USA would feel that the general framework of its present policy was being subjected to excessive strain. Meyer said that the State Department had not formulated a view on this hypothetical situation, though he thought that the USA would be inclined to exert its influence against the speeding up of an arms race.

10. With respect to recent changes in new UK practice, Meyer said that he was sure that the existence of surplus equipment in some categories (e.g. submarines) and the desirability of keeping some arms plants in production were significant factors in the UK action. He added the comment that he thought the Israelis were unwise to buy submarines merely as a prestige counter-gesture to the UAR purchase of Soviet submarines. Submarines are very expensive to operate and maintain and the two which Israel had acquired could not add much to Israel's security.

---

252. DEA/50134-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 4023 London, October 22, 1958

TOP SECRET. OPIMMEDIATE.
Reference: Your Tel M-303 Oct 15.
Repeat Washington, NATO Paris, Paris (OpImmediate), CCOS Ottawa (Information).
Repeat Cairo deferred from Ottawa.
By Bag Tel Aviv, Beirut from London.

UK POLICY TOWARDS ISRAEL

We had a lengthy discussion with the Levant Department of the FO concerning the ideas contained in your reference telegram.

2. The fundamental thing to understand about the British decision to sell two submarines to Israel and to sell centurion tanks in dribs and drabs is that it was a personal decision of the Secretary of State for Foreign Affairs. We conclude, as a result of our conversations

yesterday, that this decision may have come as something of a surprise to Foreign Office officials. Mr. Selwyn Lloyd explained his decision to his officials in terms not of Anglo-Arab relations or even of UK Mideast policy but rather in terms of relations with Israel. As Miss Meagher said in her telegram 3906 October 9† from here, the UK Government considers that it has not really maintained normal relations with Israel, and the recent decision about sales of submarines, tanks, and half-track is to be viewed in the words of our informant "as an earnest of better relations now and in the future with Israel."

3. It is obvious to officials that this decision entails some dangers in respect of relations with the other Arab States and especially the UAR. An elaborate briefing paper has been prepared (but a copy cannot be made available to anybody other than British officials), which sets forth the figures on UK transfers of arms to Arab countries during the past ten years, points out that these transfers were not always commercial sales as the present dealings with Israel are, and that these transfers of arms are something like ten times as great to the Arab States as sales to Israel have been.

4. We asked whether this decision to sell arms to Israel might not make the establishment of relations with the UAR more difficult. Our informant agreed that this was a possibility but said that it was a risk which would have to be taken in the interest of restoring relations with Israel to normal. If relations are established with the UAR nevertheless, the UK will attempt to explain its sale of arms to Israel on the basis of the disparity between Arab and Israeli holdings and between UK sales and gifts to the Arabs on the one hand and to the Israelis on the other.

5. It was emphasized to us throughout this conversation that the UK Government considers that it is acting within the meaning of the Tripartite Declaration of 1950. According to the British interpretation, factors which must be taken into account under the 1950 Declaration are not related to a balance of armaments between the Israelis on the one hand and the Arabs on the other but rather to the internal needs of the individual states in the Mideast for arms to maintain order and defend their borders. In this respect the UK recognizes, and has recognized, that Arab States require more arms per capita than Israel because of the more restive nature of their populace and that their frontier security needs are related not solely to one another and to Israel but to the states on their outer fringes.

6. By way of a round-up we went over the points contained in your reference telegram individually. You will see from what has already been said that the UK Government does not regard the 1950 Tripartite Declaration as being related mainly to an arms balance between the Arab States and Israel. The British also assert that they have no intention of fostering an arms race. They consider that it would not be practical to attempt any real quantitative parity between Israel and her neighbours. They would also maintain that as far as the UAR is concerned there is not much to be done about driving it into reliance on the Soviet Bloc. When we asked about Iraq we were told that this was a subject on which there could, at the moment, only be speculation and not firm policy because it was very difficult to tell precisely what the future course of the new Iraqi Government would be.

7. The British Government maintains that the arms which it has agreed to supply are not such as to initiate an arms race. On the other hand, small though the quantity is, it is their hope that not only the provision of arms but also an alteration in the quality of relations between the UK and Israel might have the effect of making the Israelis feel more secure and therefore less likely to change their policy from one of military preparedness to one of preventative military measures. They do not accept your statement that the military capability of the combined Arab States as of mid-1958 was not superior qualitatively or quantitatively to that of Israel. They would agree that at the moment there is probably a

qualitative balance but they deny flatly that there is anything approaching a quantitative balance. On heavy tanks alone of the quality of the Centurion they estimate that the Arab States have in the neighbourhood of four hundred whereas the Israelis have none unless it be for a few which they may have captured in Sinai.

8. We were told that there was no question whatsoever of the sale of arms being a *quid pro quo* either for past favors or for future favors in relation to air routes over Israel to and from Jordan. The British are not attempting to negotiate future air routes over Israel; as you know they are negotiating to evacuate some of their forces from Jordan over Syria. We pursued this a little further and asked whether it might not become necessary to seek air transit routes over Israel on behalf of Jordan again and we were told that a recent study of this possibility within the UK Government had produced the recommendation that troops should not again be used on the analogy of last July in Jordan. We suggested that possibly a comparable need might arise in a state like Kuwait and we were told that a study had been done on this question too and had produced the recommendation that troops should not be sent to Kuwait on the pattern of the Jordanian operation. We conclude from this and from other information which has reached us over the past few weeks that for the present at least the British have reached the conclusion that they should not again attempt armed intervention of the Mideast, even, it would seem, in defence of their interests in Kuwait which we have for some time been inclined to consider absolutely vital to them. There is a possibility that the discovery of oil on an island in the Persian Gulf expected to be comparable in productivity to Kuwait may have added to general political factors in discouraging the British from contemplating further armed intervention in circumstances which can be anticipated at the present time.

9. We of course emphasized the point you made about the danger of appearing to run counter to the trend established at the recent Emergency Special Session of the General Assembly. We were sure that this point was understood but it did not provoke much response. We also pointed out pressures which could develop once the dam is broken for other countries to enter the field and increase sales to Israel. We mentioned the current position of the Canadian aircraft industry and the withholding of export permits for the sale of fighter aircraft to Israel in the past as an example.

10. By way of summary we think that the best way of describing Mr. Selwyn Lloyd's decision to sell certain military items to the Israelis would be to say that it was a decision to take UK-Israeli relations out of the deep-freeze and that it was a decision taken with a general awareness of the dangers surroundings it, but not directly related to the idea of playing up to the Israelis because playing up to the Arabs had not produced positive profits [results?].

253. DEA/50000-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[35]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[35]

SECRET [Ottawa], October 22, 1958

EXPORT OF ARMS TO ISRAEL

Before your departure you may wish to deal with two matters still outstanding on this question: a reply to [two words were removed/deux mots ont été supprimés] letter of October 9, attached, and the question of what we say to the Israelis.

2. On the broad issues involved, we have now had an indication in Washington telegram No. 2529 of October 17, copy of which is attached, of the State Department's reaction to our analysis of the basic factors affecting the provision of arms to Israel, contained in your telegram ME-303 of October 15, a copy of which is also attached. Apart from minor differences of emphasis, the State Department appears to agree with our general position and has confirmed that it does not expect any change in United States policy, which will continue to be based on the prohibition of exports of heavy military equipment to Israel. Before Mrs. Meir's visit to Washington, the United States had authorized the export of two thousand high velocity shells to Israel and after her visit decided that the only major item to be supplied would be helicopters, though there has apparently been no firm decision on even this relatively innocuous type of equipment.

3. Although Mrs. Meir described the result of her arms talks in Washington as reflecting "a change in principle," the Israelis can be scarcely unaware that there has been no significant change in United States policy, which remains substantially the same as our own. Also, since Mrs. Meir received no encouragement while here[36] to believe that Canadian Government policy would change, a rejection of the Israeli request for torpedoes would, therefore, probably come as no surprise to the Israeli Government, who must in addition be aware that any change in Canadian Government policy would be inconsistent with the broader policy which Canada has been advocating of promoting conciliation and restraint, preferably through United Nations machinery, as a means of reducing the Palestine question to manageable proportions. They may accordingly decide not to press the matter for the time being. If they are content to do so, you might consider it best to refrain from saying anything further to them. If they raise the question, however, especially in your absence, it would be useful to have an unequivocal answer to give them.

4. If you agree, you may wish to

(a) sign the attached letter† to [two words were removed/deux mots ont été supprimés] acknowledging receipt of his letter of October 9; and

---

[35] Note marginale :/Marginal note:

Returned Nov 5/58 with note from SSEA indicating wish for oral discussion with Mr. LePan [E. Rettie]

[36] Voir/See Document 388.

(b) authorize the Department to inform the Israeli authorities, should the question of the aerial torpedoes be raised by them again, that the Government does not at present contemplate a change in its policy.

J.W. H[OLMES]
for Under-Secretary of State
for External Affairs

---

254. DEA/50000-B-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET [Ottawa], November 6, 1958

EXPORT OF AERIAL TORPEDOES TO ISRAEL

Pursuant to our discussions on November 4 on the above-mentioned matter, I attach, for your consideration, a new interim reply† to [four words were removed/quatre mots ont été supprimés] letter of October 9. I might explain that it does not contain any reference to the recent granting of an export permit for $500,000 worth of telecommunication material to Israel because this was an order placed by the Israeli Army with Radio Engineering Company of Montreal, and I had some doubts about the propriety of mentioning to [two words were removed/deux mots ont été supprimés] an export item with which he had not been directly concerned.

2. Having re-examined the correspondence, I continue to entertain some doubts as to whether this or any other reply which evades a final decision on this request will seem plausible to [two words were removed/deux mots ont été supprimés]. To rely upon inability to consult the Prime Minister when it is nearly a month since [two words were removed/deux mots ont été supprimés] wrote his latest letter can scarcely be convincing. I am concerned, too, that we are compelled in the circumstances to employ language which implies that a final decision will be forthcoming on the Prime Minister's return, when it is just possible that he may have preferred to allow silence and the passage of time to indicate a negative decision. The Prime Minister may in addition have felt that since Mrs. Meir had raised this matter personally both with you and with him and thereby placed it on an intergovernmental level, there was no longer any need to deal directly with a third party.[37]

3. [two words were removed/deux mots ont été supprimés] letter of October 9 did not explicitly call for an answer, and I am wondering whether it might not be preferable in the circumstances to refrain from further correspondence, unless it be of an entirely noncommittal nature. It was for this reason that the first suggested reply submitted to you

---

[37] Note marginale :/Marginal note:
No reply to be sent!! [Sidney Smith]

(original attached)† intimated that the question had now been transferred to a government-to-government level.[38]

N.A. R[OBERTSON]

---

255. DEA/50000-B-40

Note du chef de la Direction du Moyen-Orient pour la 1ère Direction économique

Memorandum from Head, Middle Eastern Division, to Economic Division (1)

CONFIDENTIAL [Ottawa], December 8, 1958

ARMS EXPORTS TO ISRAEL

In your note of December 4, 1958,† you requested our views on whether there was any merit in reopening the question of supplying 600 Browning Machine Guns and spare parts to Israel, as discussed in the attached letter of November 28, 1958,† from the Canadian Commercial Corporation.

2. The Government's policy to date has been to refuse to license the export of significant military equipment to the Middle East. The supplying of 600 machine guns and spare parts would constitute a significant military shipment. There is, therefore, now no basis upon which "to reopen this purchase order," a circumlocution which we assume means to agree to sell. At the same time, the whole question of principle involved in present Government policy is under review by the Prime Minister as a consequence of a request for Westinghouse Aerial Torpedoes submitted by the Israeli authorities. Until a decision is taken on this request, it is impossible to issue a categorical statement to Canadian Commercial Corporation on "the present situation as regards approval for the export of these stores to Israel."

3. In the light of the foregoing, we would suggest that Canadian Commercial Corporation be told that no information can be given to them about the desirability, or otherwise, of complying with the request for machine guns and spare parts until the Prime Minister has returned to Ottawa and has had an opportunity to review outstanding Israeli requests. This should not, of course, be said to the Israelis.

ROSS CAMPBELL

---

[38] Note marginale :/Marginal note:

You have probably now seen Telegram 4171 from London, which came in after this memorandum was prepared. It reports that the Prime Minister raised this issue with Mr. Macmillan, but it throws no light on how Mr. Diefenbaker's mind is moving. Accordingly, I think the memorandum is unaffected by this more recent report. A copy of the telegram is attached. D.V. LeP[an]

Voir dans le Volume 24, Document 391, le télégramme 4171 de Londres, daté du 4 novembre 1958.

See Volume 24, Document 391 for London Telegram 4171 dated November 4, 1958.

2^e^ PARTIE/PART 2

FORCE D'URGENCE DES NATIONS UNIES
UNITED NATIONS EMERGENCY FORCE

SECTION A

PARTICIPATION CANADIENNE
CANADIAN PARTICIPATION

256. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 26, 1957

Present:

The Prime Minister
  and Secretary of State for External Affairs (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs
  and Acting Minister of National Health and Welfare (Mr. Brooks),
The Solicitor General
  and Acting Minister of Mines and Technical Surveys (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice
  and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Northern Affairs and National Resources
  and Acting Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. Hamilton),
The Minister without Portfolio (Mr. Macdonnell).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Pelletier), (Mr. Martin).

. . .

U.N. EMERGENCY FORCE; AGREEMENT BETWEEN CANADA AND THE UNITED NATIONS

3. *Mr. Fulton, on behalf of the Secretary of State for External Affairs*, said that the Secretary General of the United Nations had sent a draft of a letter, intended to form the basis of a written agreement between the U.N. and Canada, concerning Canadian participation in the United Nations Emergency Force. The purpose of such an agreement was to formalize previous arrangements with regard to terms of service, etc. of national contingents in the force. The letter had been studied by the Departments of External Affairs, National Defence and Finance, some changes suggested and an agreed draft reply prepared. He submitted the text of these documents and, with the Ministers of National Defence and Finance, recommended that the Secretary-General's letter be agreed to and the reply dispatched.

An explanatory memorandum had been circulated. (Joint Memorandum, Acting Secretary of State for External Affairs, Minister of National Defence, Minister of Finance, July 18, 1957 — Cab. Doc. 154/57†).

4. *Mr. Fulton* added that the terms of the agreement, much of which had been negotiated with Nasser, were on the whole very satisfactory indeed. Canada retained complete military jurisdiction and almost complete civil jurisdiction over her troops. About the only concession given was that Canada would not withdraw her contingent without adequate prior notification to the U.N. In time, Canada would be given due notice concerning the withdrawal of troops should they no longer be necessary.

5. *The Minister of National Defence* agreed that the arrangements proposed were acceptable. However, he would like to see the U.N.E.F. commitment reduced or, if possible, eliminated as soon as this was feasible. There was no military value as such to Canada participating in the force.

6. *The Cabinet* approved the agreement, in the form proposed, to be made with the United Nations regarding Canadian participation in the United Nations Emergency Force.[39]

. . .

SECTION B

GÉNÉRAL BURNS EN TANT QUE COMMANDANT
GENERAL BURNS AS COMMANDER

257. J.L.

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le premier ministre

Memorandum from Assistant Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], August 1, 1957

COMMANDER OF THE UNITED NATIONS EMERGENCY FORCE

The Secretary-General of the United Nations has been unable to arrange any suitable replacement for General Burns who was due to leave the Command in September. The Secretary-General is most anxious to persuade General Burns to remain at least until the end of the year. The previous Government had been in communication with the Secretary-General about General Burn's release and with General Burns himself who had been asked to take over in September the position of Canadian Representative on the Disarmament Sub-Committee. I understand from Mr. Léger that you would prefer not to make a decision on this other appointment at this moment. In these circumstances, therefore, it would presumably be desirable that General Burns should accept the Secretary-General's request. The view is strongly held in United Nations circles that the purposes of UNEF can be much better accomplished if General Burns remains in command. We have had representations from the British and other governments to allow General Burns to remain.

---

[39] Pour le texte de la lettre du Secrétaire général et la réponse du Canada, voir Canada, *Recueil des traités*, 1957, Nº 28.

For the text of Secretary-General's letter and the Canadian response, see Canada, *Treaty Series*, 1957, No. 28.

2. As General Burns was due to leave next month the Secretary-General is most anxious to know the Canadian position on reappointment.[40] If you agree, I should suggest therefore that we might tell Mr. Hammarskjöld that the Canadian Government would not wish to oppose the re-appointment of General Burns.[41] It may be that General Burns, before taking his decision, would wish to raise with us the question of whether or not the previous proposal for his appointment still stands. If he were to do so, you might wish to give this enquiry further consideration. However, I think it is quite likely that he would agree to the Secretary-General's proposal and the question of his appointment could be deferred for some months.

3. We are being pressed from New York for an indication of our attitude on this matter and I should be grateful if you could let me know if possible what reply to give before the week-end.

J.W. H[OLMES]

---

258. J.L.

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL Ottawa, September 7, 1957

FUTURE OF GENERAL BURNS

You may recollect that you agreed to a suggestion that we should tell the Secretary-General of the United Nations that the Canadian Government did not wish to oppose the re-appointment of General Burns as Commander of the United Nations Emergency Force. According to a message† received from our Ambassador in Cairo, General Burns has now agreed to continue as UNEF Commander for a further period.

The question of General Burns' future in the Government service after his tour of duty with UNEF still remains. In case you would wish to clarify this issue, I am attaching a draft letter† to the General which, if found satisfactory, you might wish to sign. It occurred to me, however, that you might prefer that I sign such a letter myself. If you agree with the contents of the attached draft, it would be used as a basis for a letter I could send to General Burns.

I think we must bear in mind that General Burns has now been in the Middle East for three years, first as Commander of UNTSO and then as Commander of UNEF. His impartiality and good judgment have been recognized by the Arabs and Israelis alike. He has acquired a reputation for fairness in a particularly difficult task, and we in the Department feel that such service to the United Nations calls for some recognition and would be glad to welcome General Burns as one of our colleagues. He is now fifty-eight and could spend the remainder of his years in the Government service in posts abroad. It seems that such an appointment would be generally welcome.

---

[40] Note marginale :/Marginal note:
Please draft reply accordingly [J.G. Diefenbaker]

[41] Note marginale :/Marginal note:
OK [J.G. Diefenbaker]

I may have mentioned to you that before the suggestion was put forward that General Burns take over the post of Canadian adviser on disarmament, he had been considered for the post of Canadian Ambassador to Turkey. This post was left vacant in May. We could hold it until General Burns becomes available if his further period with UNEF is not extended much longer.

J. L[ÉGER]

---

259. J.L.

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, December 2, 1957

GENERAL BURNS

General Burns dropped in to see me this morning and I took this opportunity to raise with him some of the issues connected with the role of the police force in the Middle East.

2. General Burns thought that on the whole the Egyptians and the Israelis would continue not to hinder the operations of the police force. There were some extreme elements surrounding Nasser that were still opposed to its presence on Egyptian territory but these elements appeared to be more vocal than influential. Some of them particularly disliked the presence of the Canadian contingent in the force but it was expected that their influence would not be such as to make it awkward for the Canadian contingent to remain.

3. There was no doubt in General Burns' view that the forces are performing a vital role in helping to preserve the precarious peace in that region. The Egyptian civilian authorities in the Gaza Strip while not openly cooperating with the force were at least not preventing it from fulfilling its role. The areas close to the demarcation line were now being cultivated, whereas until a year ago this had become a no-man's land infested with raiders.

4. I asked General Burns whether the departure of the Finnish contingent from the force had complicated his task. He replied that as a result of this departure his forces were pretty thin on the ground but that he now had a promise that the Indians would strengthen their contribution and that the Norwegians would change the nature of their contributions. I understand that the Norwegian battalion is to be increased at the expense of their medical unit.

5. General Burns thought that the time did not seem to be ripe for Canada to take an initiative in any of the basic problems of the region. He thought that the Arabs should themselves work out a blueprint of the sort of cooperation they would wish to have with the West, including economic assistance and development. This was one of the purposes of Mr. Hammarskjöld's visit to the region and General Burns was not too pessimistic about the outcome of this visit, although no immediate progress could be expected. When questioned about the possibility of discussing the whole Middle Eastern situation with the Soviet Union, General Burns replied that any negotiation with Moscow could only be at the expense of the Baghdad Pact and that this was a pretty high price to pay.

6. General Burns told me that he was quite happy to fall in line with the suggestion put forward to him by the Prime Minister that he remain as Commander-in-Chief of the force. At a later stage, if and when he could be released from his present duties, he would be glad

to discuss the matter with the Department. He showed an interest in returning to Ottawa to take over any job in connection with disarmament. He agreed with me that he would probably be making a better contribution in his post than he would be in any job that could be offered to him by the Canadian Government at this time.

J. L[ÉGER]

SECTION C

FINANCEMENT
FINANCING

260. DEA/50366-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[42]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[42]

[Ottawa], July 26, 1957

UNITED NATIONS EMERGENCY FORCE

It might be useful to review the situation of UNEF and try to foresee what might happen in the near future since this question is likely to be discussed during the 12th Session of the General Assembly.

2. Recently the future of UNEF has been the subject of much speculation in various quarters, particularly among the participating members of the Force and the major powers such as the United States of America and the United Kingdom. The persistent refusal of the Israelis to permit UNEF to operate on the Israeli side of the Demarcation line, even after the visit of the Secretary-General to Jerusalem, the financial difficulties, rendered even more serious by the presage of expenditures going far beyond the figures estimated for the current year of operations, and the defeatist and critical attitude of the press in certain milieux lead to believe to a possible folding up of the Force in the fall.

3. Although none of these problems about which I shall go into detail later on in this memorandum has been settled yet, it appears nevertheless to be the general consensus of opinion among the interested parties that UNEF should most probably continue in its present size and composition, for at least six months beyond November of this year. It is the generally accepted conclusion among impartial observers that UNEF is performing a very necessary function in the Middle East and that any substantial changes in its operations could only lead to a serious deterioration in that part of the world. In addition to the stabilizing influence resulting from the mere presence of UNEF troops, the Force symbolizes the United Nations' interest and concern about the problems of the area. An abrupt withdrawal of UNEF would affect considerably the prestige of the United Nations and would seriously handicap the Secretary-General's continuous and persistent efforts to bring about a reconciliation between the opposing parties. Conversely, as long as UNEF continues to function, specifically along the Demarcation line and at Sharm El-Sheikh,

---

[42] Note marginale :/Marginal note:
Not sent to Minister [M. Gauvin]

UNEF's influence in the area will remain strong and the opportunity for making progress towards a settlement will be enhanced.

Rotation of National Contingents

4. Most of the governments participating in UNEF have expressed in a tangible way their faith in the usefulness of UNEF by demonstrating a willingness to continue their contribution as long as its need is apparent. The Scandinavian countries are about to complete the rotation of their contingents. With the exception of Finland which has decided to withdraw its contingent in November, the other Scandinavian countries foresee the continuation of their contribution for an unlimited period. They believe however that their contribution should be linked with some United Nations' efforts to stimulate progress on the political problems of Palestine. The Colombians, after some hesitation, have announced their decision to rotate their personnel and the rotation is to be completed by the end of August. The Yugoslavs and the Brazilians have also expressed their willingness to continue to serve with UNEF as long as this seems necessary. The Indians who, at various stages, showed some reluctance to commit themselves to any lengthy period of service with UNEF consider that the Force should continue in being for at least four months more i.e. until November 1957 when, according to them, UNEF might be modified in size and function and brought into closer relations with the United Nations Truce Organization in Palestine. Indonesia is the only country which has decided to withdraw its contingent after the first six months of operation in UNEF. The Indonesian decision was solely motivated by domestic problems caused by the state of unrest existing at the moment in their country. As far as Canada is concerned, rotation takes place on a yearly basis and the Canadian Army has virtually completed plans for the rotation to start on September 15 and to terminate by December 1st of this year in order that the troops be here for Christmas. Participating governments in UNEF and particularly India, Brazil and the Scandinavian countries consider that the Canadian contribution is the back bone of UNEF and that without our contingent, which performs the essential tasks of administration and support, the Force would fall apart. The U.K. and the USA officials have also expressed the view that the Canadian contribution could not be filled by other countries. On the whole, the decision taken by the various member countries of UNEF to replace personnel without limiting it to November of this year, is indicative that they do not consider as insurmountable the numerous problems affecting UNEF. This is particularly significant since the participating members are those most directly affected by the continuation of the Force. The willingness of these countries to pursue their task in the interest of peace in the Middle East may have a salutary effect on the indifferent and recalcitrant members of the United Nations.

Israeli and Egyptian Attitudes

5. Although the Secretary-General has met with a refusal on the part of the Israelis to let UNEF be deployed on the Israeli side of the Demarcation line, the issue is not dead. He is actually pursuing this question in an oblique fashion through a proposal for erection of a barbed wire fence along the line. The current approach is that a single apron fence might be erected, in some places at least, on both sides of the line with the ultimate aim to have the fence patrolled by UNEF. The Secretary-General is hopeful that Israel and Egypt will in due course accept this proposal and that Israel will allow UNEF to patrol on her side of the line. Pressure to have the Force deployed on Israel's side might develop at the 12th Session of the General Assembly. Arab countries and others will most probably insist that Resolution 461 of February 2, which mentions among other things the deployment of UNEF on both sides of the Demarcation line, be fully implemented. As time goes on the presence of UNEF is becoming better appreciated by both Israel and Egypt. There are

strong indications that the two of them wish UNEF to continue its present function in the area even though for domestic political purposes there has been criticism on both sides. The presence of UNEF troops at Sharm El-Sheikh have ensured free passage for shipping to and from the port of Elath and through the Strait of Tiran. The Israelis cannot but be fully concerned by the recent Saudi Arabian complaints of violation of territorial waters by Israeli ships in the gulf of Aqaba and their claim that the presence of Israel at Elath is illegal. Furthermore the presence of UNEF at the Demarcation line, even though numerous border incidents have occurred, has prevented any real military infiltration. It can therefore be expected that when Arab pressure for implementation of Resolution 461 is increased, the Israelis will show themselves more amenable and might accept the barbed wire fence proposal with UNEF patrolling on both sides.

6. While UNEF has met with some reticence on the part of junior Egyptian officials, it is the opinion that at highest levels, Egypt has cooperated well with the United Nations and General Burns. Egyptian policy pronouncements, particularly those concerning the Gaza Strip, have helped to maintain calm in the area. Relations between the UNEF and the local Arabs have developed satisfactorily and it can be assumed that Egypt will continue to cooperate in its own interest and that of other Arab countries. It has been part of the Egyptian policy to play the good fellow with the United Nations. No one can deny that such an attitude has been fruitful for Egypt. India, which exerts a strong influence on Egypt, contributes considerably to encourage her in that way.

Financing

7. The financing of UNEF is probably its most acute problem. The total cost for the current year of operation, i.e. until December 31, 1957 was originally estimated at $16.5 million. It is now evident that this sum will be greatly exceeded. It is estimated that the operating cost of UNEF up to December 31 will be $22 millions with, an additional $5 millions for capital expenditures and expenditures for rotating national contingents, a total of $27 millions. At its last session, the General Assembly authorized the Secretary-General to draw the sum of $10 millions from the United Nations Working Fund and to assess the members for that amount in accordance with the scale of assessment for 1957. Later on, the Secretary-General was authorized to request voluntary contributions for the balance needed which was then estimated at $6.5 millions. The Soviet Bloc has rejected the request for contribution to the initial sum of $10 millions and China and Uruguay, usually in arrears for their payments to the United Nations, have not yet paid their contribution. Furthermore little response has been given to the Secretary-General's request for voluntary contributions to meet the cost in excess of the initial $10 millions. Up to now only the United Kingdom has actually come forward with a contribution to the "supplementary fund." The U.K. contribution, a little less than $500,000, is not in cash but is to be deducted from a total of $800,000 which represents U.K. supplies to UNEF. As far as Canada is concerned we have answered the Secretary-General's request for voluntary contribution by stating that in view of the uncertainty surrounding the whole question of the financing of UNEF and particularly pending the solution of the problem of allocation of costs between the participating members and the United Nations, the Government of Canada was in no position to undertake future commitments. We explained that Canadian expenditures on behalf of UNEF were considerable and that until Canadian authorities could assess what Canadian membership in the Force would cost, our Government could not assume a larger share of financial responsibility. We nevertheless told the Secretary-General that we would review our position when the question of the financing of UNEF is debated at the next session of the General Assembly.

8. The United States, at the time the Secretary-General was authorized to make a request for voluntary contributions, expressed their willingness to pay half of the $6.5 millions required if the other half could be matched by other members. Since, to our knowledge, only the U.K. has come forward with a voluntary contribution, the U.S. offer has not been put into effect and, at its next session, the General Assembly will be faced with the necessity of voting funds to cover the difference between $10 millions and the $27 millions now estimated to be necessary. This may have a crucial effect on the future of UNEF. In view of past experience, it is difficult to see how the amount required can be raised on the basis of the scale of assessment especially if the Soviet Bloc continues to refuse to pay its share. It will rest mainly with the USA to decide whether the usefulness of UNEF justifies the financial sacrifices needed.

9. The high cost of UNEF will certainly force a revision of the present set up. The U.K., which favor the continuation of UNEF, are giving thought to some modification of the Force which they also consider too expensive to maintain indefinitely on its present size and composition. In their opinion UNEF should become less of a military force and more of an observer corps but with a status in the area which would be independent of the will of the opposing parties, and with more or less full powers for investigating and patrolling the area. On the other hand, the USA officials at United Nations, including Mr. Lodge, firmly believe that UNEF should continue in its present size and composition for at least six months beyond November 1957. The USA officials have given the impression to the United Nations officials and to our Permanent Representative that their government might consider providing a larger part of the financing. They added, however, that this would be conditional, as Congress insists, to some sort of matching principle. It is not yet clear what they exactly understand by matching principle. If it is a sharing of expenses on the basis of the scale of assessment with, perhaps, a larger contribution on the part of USA, it is doubtful that the extra funds will be authorized unless the U.S. contribution amounts to at least half of the sum required.

10. The financing of UNEF is therefore the determinating factor in assessing the future of UNEF. Until the USA come forward with more definite proposals it is difficult to foresee what it is likely to happen. The USA may already have decided to pay a good price for UNEF but they may be reluctant to divulge what they have in mind until they have been able to assess what other countries might be prepared to contribute.

11. In the next two months, the question may be clarified and we will be in a better position to make recommendations on the course of action Canada should follow.

J. L[ÉGER]

---

261. DEA/50366-40

Note du chef de la direction du Moyen-Orient
pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Head, Middle Eastern Division,
to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 20, 1957

UNEF

This memorandum summarizes the current position regarding UNEF, as it emerges from recent telegrams forwarded to Middle Eastern Division by D.L.(1) Division.

2. On September 17 the Department suggested to Mr. Léger in New York that he seek the Minister's approval for a Canadian approach to various delegations, with the exception of Egypt, Israel and the Soviet bloc, regarding UNEF contributions. Canada believes that UNEF is a common financial responsibility of the international community of the UN as a whole, and that its cost should be shared among all UN members on the basis of common assessment. The UN should pay for any legitimate expenditures above those which would have been incurred if the troops of the participating members of UNEF had remained at home.

3. Canada has contributed $51,000 worth of stores to UNEF, and expenses of the Canadian contingent which we consider refundable by the UN amount so far to $4,300,000, or $3,500,000 if the cost of initial transport is not included. These figures do not include charges for maintenance or depreciation of equipment, which we have been discouraged from advancing. We might also drop the claim for transportation expenses, but are keeping them for bargaining purposes, or to be used in the form of voluntary contributions in the event that funds are raised partly by voluntary contributions.

4. Canada has also paid $315,000 as its share of the initial $10 million to be raised by common assessment. We have refused so far to pay anything towards the $6.5 million voluntary fund, arguing that our own contribution of a contingent has incurred large expenses. The total cost of UNEF for the first year is now estimated as about $30,000,000.

5. Our emphasis on the need for approval of common assessment as the basis for UNEF financing is dictated by the fact that the USSR has refused to contribute to the UNEF fund, and considers UNEF a violation of the Charter since it was established under the "Uniting for Peace" resolution. If a proposal for common assessment were defeated it might reflect on the validity of the "Uniting for Peace" resolution itself.

6. The US, which would prefer that all of UNEF's funds should be raised by common assessment, considers that this will in practice be impossible, and are willing to pay up to one-half of the costs themselves. They do not wish to pay more since this might lead to accusations that UNEF was a tool of American policy, and we agree with them. They propose that at least half should be raised by common assessment, and of this sum, the US would be paying one-third. They would propose to pay two-thirds of the remaining half of UNEF's expenses which would be raised on a voluntary basis. Their share under this heading would be paid on a matching basis, as they do for UNRWA.

7. The UK is in general agreement with the Canadian position, and has reassured us that they have no desire to economize by trimming the size of UNEF.

8. Although Israel had informed the Secretary-General that the question of deployment of UNEF on Israeli territory was "under active consideration" no one is really hopeful of a change in the Israeli attitude. The Israelis have, however, indicated that they were "satisfied" with UNEF.

9. Egypt on its own initiative has made it known that it is not planning to initiate any discussion at the UN about the future of UNEF, and hopes that the UNEF debate can be confined to administrative and budgetary arrangements.

10. Regarding tactics, Canada is prepared for a debate in plenary concerning the future of UNEF but is anxious that decisions concerning finances should be carried on in the quieter atmosphere of the Fifth Committee.

11. Regarding membership, the Scandinavians, possibly excluding Finland, are prepared to continue to contribute for at least a further six months. The Indonesians left on September 12, and will not be replaced. The Canadian contingent, which numbered 1,172 on August 16, will soon be reduced by 240 when UNEF's air base at Naples is closed. Our

contingent will then number about 932, which will leave India's contingent of 957 as the largest element unless the Indians are also planning reductions.

ROSS CAMPBELL

---

262. DEA/12479-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [New York], September 20, 1957

FINANCING OF UNEF

Tomorrow morning (September 21) the Advisory Committee on UNEF will meet to discuss among other things the Secretary-General's report,[43] which he will be submitting to the General Assembly in due course. This formidable document reached us yesterday and our understanding is that the Secretary-General wishes to have the preliminary reaction of the Advisory Committee, although he does not expect them either to approve the report or to act as an editorial board. On first reading the report appears to be generally satisfactory but it would have to be studied by financial and perhaps military experts before we could pass final judgment upon it. An opportunity to do this would arise when the Assembly is considering the report. In the meeting tomorrow we would reserve our position, as no doubt all other members of the Committee will do, especially as regards the financial part. There are two matters, however, that perhaps deserve special attention and we had in mind that the Canadian Representative on the Advisory Committee might place on record at least preliminary Canadian views.

Formula for Financing

2. Attached is Telegram DL-784 of September 17† from the Department which recommends in effect that we should approach other delegations here for support of the Canadian contention that the best method of meeting the problem of financing UNEF would be to press for a common assessment. The telegram states that the United States and United Kingdom are prepared to support us in any initiatives along those lines. I have no doubt that the United States Delegation might argue as an initial position that UNEF costs should be met through common assessment but United States officials here have already been canvassing reactions concerning some other formula for raising the necessary funds. You will recall that Mr. Dulles implied in his conversation with you[44] that the United States might be prepared to make a substantial financial contribution to meet the costs of UNEF.

3. One United States suggestion has been that the UNEF expenses, including the estimates for the year 1958, should be divided in half so that one half would be met through common assessment of the United Nations membership and the other half through voluntary contributions. The United States would pay its assessment of roughly one-third the

---

[43] Voir le texte officiel du rapport du secrétaire général sur le financement de la FUNU dans *Documents officiels de l'Assemblée générale, Douzième session, Annexes*, Document A/3694, 9 octobre 1957.

For the official text of the Secretary-General's report on the financing of UNEF see United Nations, *Official Records of the General Assembly, Twelfth Session, Annexes*, Document A/3694, October 9, 1957.

[44] Aucun relevé de cette conversation n'a été trouvé./A record of this conversation was not located.

total and would make a substantial voluntary contribution which would raise the total United States contribution to about half the total cost. Another suggestion has been that the United States should make a voluntary contribution of $10 million and in addition pay its regular share of a common assessment which would be designed to meet the balance of the cost. In this regard the United States estimate is that the UNEF deficit for 1957 plus the budget for 1958 would amount to about $40 million. On the basis of these figures the overall United States contribution under this second formula would amount to roughly $20 million or again half the total cost. The advantage of the second formula is that the remainder of the United Nations membership would be *assessed* for the other $20 million with the result that the UNEF cash position would undoubtedly be more certain.

4. The foregoing does not mean that we should not ourselves adopt the initial position that the whole cost of UNEF should be met through common assessment but it does mean that we should be fully prepared to support an alternative formula. The possibility that the UN membership would be prepared to authorize an assessment to cover $40 million (which is almost as large as the whole UN regular budget) is most remote. In these circumstances perhaps we should have some hesitation about approaching other delegations with the note contained in the attached telegram. Perhaps our approach, at least to more friendly delegations, should indicate that although common assessment is our opening position, we are not discounting the possibility that some flexibility in this regard may be required. It might be useful, however, as an opening gambit to place our views on record in the Advisory Committee on UNEF. At that stage we could perhaps confine ourselves to a brief plea for common assessment, which plea would be a recapitulation of the position which we adopted last year in the Fifth Committee. An opportunity to do this might present itself at tomorrow morning's meeting of the Advisory Committee.

Costs of Initial Transportation

5. There is one point of considerable importance which caught our attention on page 3 under the heading "Cost Estimates." The Secretary-General has pointed out that the estimates do not include the value of materials and services "which have been provided without charge by governments including of course the substantial contribution, in the form of military personnel and equipment, which the ten member states furnishing national contingents have generously made available. Additionally the following facilities and assistance have been furnished by governments for the transportation of troops, equipment, and supplies to the area of operations."

(a) USA airlift which is valued at about $2,250,000;

(b) The acceptance by Switzerland of charges for commercial air transportation of about $390,000;

(c) Aircraft and staging facilities provided by Italy;

(d) "Transport of Canadian troops and equipment from Canada to Egypt by Canadian aircraft carrier;"

(e) Transport of the Brazilians by naval vessel;

(f) Airlifts by the Scandinavian Governments to and from Naples.

Other supplies, services and facilities are mentioned in the report including those provided without charge by Italy and Egypt.

6. We have already pointed out to the Secretariat the fact that the RCAF airlift is not mentioned in the Secretary-General's report, in sub-paragraph (d) of the preceding paragraph. The Secretariat was most apologetic and said that this would be remedied. Since we now have the bills for both the airlift and the transportation by the *Magnificent* we might

have them included in the report to demonstrate the extent of our contribution in this regard. However, this would depend more or less on whether we saw advantage in including our contribution to the initial transportation in the list of similar services contained in the Secretary-General's report. I have no doubt that this is the attitude which the Canadian Government should adopt but the Department of Finance has raised the possibility that, for bargaining purposes, we might treat the costs of initial transportation as marginal items for which we could claim reimbursement.

7. The cost of initial transportation of personnel and equipment by air amounted to $438,819.35 and the cost of transportation of personnel and equipment by HMCS *Magnificent* amounted to $333,312.01. The appropriate Accounts Receivable have not been submitted to the United Nations because there was some difference of opinion among the Departments of Finance, Defence and External Affairs on the method for dealing with these items. The Permanent Mission has, however, orally informed the United Nations that these might be considered as marginal claims. The United Nations has replied that in all their calculation of costs they have assumed that the initial transportation, both by air and by the *Magnificent*, was provided without charge. They have adopted the same attitude toward the Brazilians who, for prestige reasons, insisted on transporting their contingent on a naval vessel, even though the United States was prepared to transport them free of charge.

8. I must confess that I can see no alternative to accepting the United Nations position on this. The Government took its own decision to transport the Canadian contingent to Egypt by RCAF airlift and by the *Magnificent*. Obviously if there had been any choice in the matter the United Nations would have chosen to have the Canadian contingent, like the others, transported by the free airlift provided by the United States, if there had been any question that Canada would seek reimbursement for the costs of initial transportation. There is no doubt that the general impression in United Nations circles was that Canada did include this transportation as part of its voluntary contribution to UNEF.

9. The Department of Finance and Defence, in suggesting that we might submit bills for these items, had not so much the intention of being reimbursed as developing a negotiating position, which we might use in subsequent discussions about arrangements for financing UNEF. We have no quarrel with this position but we have suggested that, as a matter of emphasis and in view of all the circumstances, we should adopt the attitude that this initial transportation was part of Canada's voluntary contribution rather than ask for the reimbursement of costs which in the end we will absorb.

10. The difference in approach has more or less been resolved in a recent exchange of letters between the Departments of Finance and External Affairs. The Permanent Mission has been instructed to inform the United Nations authorities that the costs for initial transportation both by air and by sea should be acknowledged as voluntary contributions from Canada, and recognized as a voluntary matching contribution for the purpose of calculating the United States contribution. (Frequently in the past the United States has insisted on the matching principle.) We shall convey these views to the United Nations Secretariat and our Representative on the Advisory Committee will see that they are placed on record at tomorrow's meeting.

J. L[ÉGER]

263. DEA/50366-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 1903 New York, September 23, 1957

SECRET. OPIMMEDIATE.

Repeat London, Washington, Paris, NATO Paris (Information).

UNEF REPORT

On September 20 we received a draft of the Secretary-General's report on UNEF. Because it is a bulky document running to about fifty pages, we were unable to enclose copies in Friday's bag but they will be sent to you this evening. The report is divided into three parts:

Part I—Organizational and Operational Matters;
Part II—The Role and Functioning of UNEF; and
Part III—Administrative and Financial Arrangements.

The third part is of course of the greatest interest. The first two parts are largely historical.

2. On September 21 the Advisory Committee on UNEF met mainly to discuss the report in a preliminary way. The Secretary-General took the position that the report was his responsibility and while he would welcome advice from the Advisory Committee he did not expect the Committee either to approve the report or to act as an editorial board. He recognized that governments would like an opportunity to study the report before passing judgment on it. As was to be expected, most representatives on the Advisory Committee were careful to reserve their position.

3. We intervened on three points. We sought clarification on the release of the report and learned that the Secretary-General intended to make the document public about the end of the general debate (estimated to be October 9). We emphasized that it might be desirable to withhold the report because governments, but particularly governments participating in UNEF, might like an opportunity to examine the report in detail and possibly to suggest revisions. The Secretary-General agreed that this would be useful.

4. Under Part III and under a sub-heading entitled "Cost Estimates," the Secretary-General has listed a number of items which are not included in the estimates. These are the "value of materials and services which have been provided without charge by governments, including of course the substantial contribution in the form of military personnel and equipment which the ten member states furnishing national contingents have generously made available." The next sentence, that is before the list, reads: "Additionally the following facilities and assistance have been furnished by governments for the transportation of troops, equipment and supplies to the area of operations." The list includes the airlift arranged by the USA, valued at $2.25 million; the acceptance by Switzerland of the charges approximating $390,000 for commercial air transportation; extensive airlift and staging facilities provided by Italy; the transport of the first Brazilian contingent by Brazilian naval vessel; airlifts arranged by the Scandinavian governments for regular transport service to and from Naples; and the initial transport of Canadian troops and equipment from Canada.

5. We of course realized that this listing cut across the oral discussion which we have been having with the Secretariat concerning the reimbursement of initial transportation costs. The Minister agreed that, for purposes of the meeting of the Advisory Committee on September 21, we could allow the Canadian item to stand, at least for the time being. We had fortunately received your letter DL-440 September 17† and we took up the question, raised in that letter and in its enclosure, with the UN Secretariat, and in particular with Turner. We agreed that it would be helpful if some arrangement could be made for having the costs of initial transportation recognized as a voluntary contribution for matching purposes as regards the USA voluntary contribution. He had tried this suggestion on the USA Delegation but their response was not too encouraging. Apparently, in seeking congressional approval for the USA airlift, the USA authorities had emphasized that other countries were making transport facilities available on a voluntary basis, so that in a sense the matching of the USA airlift was the other transport facilities included in the list in paragraph 3. Turner had pointed out to USA officials that in reality the USA airlift could be considered as matching the national contingents which were provided for UNEF and not the other facilities, but the USA Delegation had some doubt whether they could sell this argument in Washington.

6. The matter is by no means settled and it may be desirable before it is for us to make representations in Washington at a fairly high level. If we should do so, what should be emphasized is not so much that the costs of initial transportation are "legitimate claims" against the UN but that, if there could be any formula for including them among the "voluntary contributions" (in response to the Secretary-General's appeal for $6.5 million), it might be worthwhile considering the initial transportation costs in that light. However, if there should be USA resistance to this approach, we should probably not press our case too hard because there is no doubt that it is the view generally held here that Canada provided the initial transportation without charge.

7. At the Advisory Committee meeting on September 21, having gained time for additional comment on the Secretary-General's report, we gave the Committee an indication of the costs of the initial transportation of the Canadian contingent, to illustrate its value to the operation and we suggested that under the heading "voluntary contributions" the report might reflect the position which Canada and perhaps other governments participating in UNEF took in replying to the Secretary-General's appeal. In other words the report should show that the list of voluntary contributions would be perhaps longer if the report took into consideration that governments, like Canada, had provided facilities, like the initial transportation costs. In addition to this comment in the Committee we privately made clear to the Secretariat what we had in mind, that is, we emphasized the arguments contained in your letter DL-440 and its enclosure.

8. In our intervention in the Committee we also underlined what the Secretary-General had to say about the basis for financing UNEF costs. We agreed with him that it was neither feasible nor prudent "to place any undue reliance for the future" on the method of voluntary contributions. We stressed that in our view the costs of UNEF, being for the benefit of the whole UN membership, should be borne by the membership. We stated that our initial approach to the problem had been to urge a common assessment and that we were more than ever wedded to this view.

9. I hope you will be able to let us have comments on the Secretary-General's report at an early date, particularly if you believe that some parts of it should be recast before it is released here. The Secretary-General believes that the report is a fair presentation of the historical, political and financial facts on UNEF, but presumably if we had any strong views about the report he would be prepared to take these into account. He has already

indicated that he would. This week Matthews will be discussing the report and related matters with the Secretariat and with other delegations. We shall of course keep you in touch with these developments.

---

264. DEA/50366-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Delegation to United Nations General Assembly

TELEGRAM DL-817 Ottawa, September 25, 1957

SECRET. OPIMMEDIATE.
Reference: Your Tel 1903 Sep 23/57.
Repeat London, Washington, NATO Paris, Paris, Cairo (Routine) (Information).
By Bag Canberra, Wellington, Colombo, Karachi, Pretoria, Tel Aviv, Beirut, Athens, Ankara, Moscow, Oslo, Hague, Bonn, Rome, Copenhagen, Brussels, Lisbon, Djakarta, Rio, Dublin, Madrid, Stockholm, Belgrade, Helsinki, Bogota, Delhi, Tokyo (Information).

UNEF REPORT

Many thanks for your message under reference. We agree with the views expressed in paragraph 6 of your telegram. In fact we are not so much interested in obtaining reimbursement for our initial transportation than full recognition of this contribution for the purpose of gaining the Secretary-General's support for our claim for maintenance, replacement or deterioration of equipment.

2. Now that the Secretariat and the USA Delegation are fully aware of our position on initial transportation costs and that there appears to be some resistance on the part of the USA to the inclusion of our claim as a match[ing] contribution to USA contribution to $6.5 million, it might be undesirable to press further this idea. You might therefore approach Secretariat saying that we would be willing to waive our claim if we could expect that this further gesture of co-operation will be reciprocated by support for our claim on maintenance, replacement or deterioration.

3. You may wish to explain our position to USA Delegation and seek their support in the event that Secretariat approaches them on this question.

---

265. DEA/50366-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 2120 New York, October 10, 1957

SECRET. OPIMMEDIATE.
Repeat Washington, London, Paris, NATO Paris (Information).

UNEF REPORT

1. It is our understanding that the Secretary-General's report on UNEF will be released on October 12. On that day the Advisory Committee on UNEF will meet to discuss the release of the report and, broadly speaking, the tactics for dealing with it in the Assembly. Engen and the Secretary-General discussed these matters this afternoon.

2. Earlier we had expressed to Engen our view that the Secretary-General, the USA and the delegations participating in UNEF should try to evolve in the immediate future a carefully prepared plan for dealing with the UNEF report. We argued that unless those directly concerned were to proceed systematically on an agreed plan, there would be a considerable risk that the debate on the report would founder in the confusion of ideas advanced in the open Assembly. It would be most desirable, moreover, to reach early agreement on this plan and to promote it vigorously in discussions behind the scenes. Already we have heard ill-informed speculation about the way in which the report should be treated in the Assembly, and it would clearly be desirable to head off not only this speculation but the mischief-making of those who are either opposed to UNEF or wish to avoid their share of the financial responsibility for UNEF costs. We have found the Norwegians and the USA Delegation receptive to this point of view. Today, Engen told us that the Secretary-General was grateful to have these views brought to his attention.

3. The Secretariat have informally been discussing the possibility that the UNEF report might first be referred to the Advisory Committee on Administrative and Budgetary Matters. This would be accomplished through a statement read in an early plenary session by the President, which statement would contain a directive to the Advisory Committee. After the Advisory Committee had studied the financial implications of the report, for two weeks or so, it would be returned to the plenary session for consideration. There is some opinion here, however, that this procedure might involve the risk of a premature Assembly debate on the report or that the Advisory Committee would avoid the main issues contained in the report because there had been no specific Assembly resolution concerning them. There is not too much confidence that the Advisory Committee would be able to play a useful role in the absence of detailed discussion in the Assembly.

4. One alternative is that some time after the release of the report it should be discussed thoroughly in plenary session with a view to adopting a resolution on principles which would govern such matters as the question whether UNEF should continue, the responsibility for extraordinary costs, the method of financing, the authorization of payments made during 1957, and the granting of authority for further expenditures in 1958. Once these principles were approved, the Assembly would refer the report to the Fifth Committee and the Advisory Committee so that the expenditures to date and the budget estimates could be carefully scrutinized by financial experts. We understand that this alternative is preferred by the USA Delegation (we have discussed it with Forbes). They have made their views known to the Secretary-General and we expect to hear more of them in the meeting of the Advisory Committee on UNEF on October 12.

5. We asked Forbes about his current thinking on the method of financing. He suggested that the Assembly might take the position that the appeal for the $6.5 million voluntary contribution should be terminated either at once or at a specific date, and that the balance of funds required for 1957 should be recovered through assessment of the whole membership in accordance with the contributions to the regular UN budget. The whole of the budget for 1958 should be financed through assessment. Forbes was persuaded that this should be at least the opening position in the Assembly.

6. In reply to our question about the timetable, Forbes suggested that about a week after the release of the report the Secretary-General or a representative group of delegations should circulate a resolution which would embody, with approval, the principles to which we have referred in paragraph 4 and which would direct the Fifth Committee or the Advisory Committee, as appropriate, to examine the administrative and financial provisions of the report with these principles in mind. (Forbes implied that the USA Delegation might produce a draft during the next week, and he would be interested in any ideas we might have to incorporate.) After governments had had an opportunity to study this resolution (perhaps two weeks) it would be considered in plenary.

7. Engen was informed by the Secretary-General that he would welcome any informal expression of Canadian and Norwegian views either on tactics or on the substance of proposals which might be introduced in the Assembly. Unless we hear from you to the contrary, we propose to promote during a meeting of the Advisory Committee, a course of action like the one suggested by Forbes because it is more or less in line with conclusions which we have reached during the past few weeks.

[R.A.] MACKAY

---

266. DEA/50366-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 2133 New York, October 12, 1957

CONFIDENTIAL. PRIORITY.
Reference: Our Tel 2120 Oct 10.
Repeat Washington, London, NATO Paris, Paris (Information).

UNEF REPORT

On October 12 we had a very satisfactory discussion in the Advisory Committee about the tactics for dealing with the Secretary-General's report on UNEF. The Secretary-General made it clear at the outset it was not the role of the Advisory Committee formally to consider either the substance of proposals to be submitted to the Assembly or the tactics there but that since the Advisory Committee members were perhaps the best informed on the subject, they were the natural choice for leadership in the forthcoming proceedings. Apart from some preliminary remarks by Turner about changes in Part III of the report, the discussion this morning was off the record so that there will be no verbatim report.

2. At the Secretary-General's request Cordier pointed out that there had been informal consultations with a number of delegations about how the Assembly should deal with the Secretary-General's report. It was recognized that the Assembly would be faced with a special problem because important questions of principle were involved as well as sizeable budgetary estimates. Cordier stated that a number of alternatives had been discussed but that he would outline what appeared to be the preferable course.

3. Cordier's alternative was an elaboration of the one suggested in paragraph 4 our telegram 2120. In fact, we were aware that after our discussion with Forbes, the USA Delegation had brought their views to the attention of the Secretary-General (through

Cordier and Turner) and urged him to take the lead in the matter by acting through the Advisory Committee on UNEF. The suggested course would be as follows:

(a) The Assembly would meet in plenary session to consider the Secretary-General's report (Document A/3694 October 9 which was mailed to you today). At the outset the President would make clear to the Assembly that it was to consider Parts I and II during the initial proceedings and to take decisions in principle concerning the future operation of UNEF and including the administrative matters listed in paragraph 111 of the report. The President would indicate that the financial questions and budgetary estimates, contained in Part III, would be given detailed consideration by the Advisory Committee on administrative and budgetary matters but after the decisions in principle had been taken in plenary session.

(b) That Committee would receive a precise directive from the Assembly perhaps in the form of a message from the President which would have the tacit approval of the Assembly. The Advisory Committee would report with recommendations concerning the expenditures and budget estimates to the Fifth Committee in the normal way.

(c) The Fifth Committee would consider Part III of the report, together with the recommendations of the Advisory Committee, and in the light of the principles adopted in the plenary session of the Assembly (the Advisory Committee would have also taken those principles into account).

(d) The Fifth Committee would then report on Part III to the plenary session which presumably would adopt the Committee's recommendations in the usual way.

4. Cordier emphasized this procedure would give all the UN bodies concerned a full opportunity to exercise their normal role. The procedure was neat and would have the advantage of concentrating the questions of principle in plenary to the exclusion of detailed financial matters which would be concentrated in the Fifth Committee and in the Advisory Committee on Administrative and Budgetary Matters. Notwithstanding the special nature of the problems involved in the UNEF report, the Assembly would be proceeding more or less in the normal way. Since we had been urging steps along those lines in our conversations behind the scenes, we had no difficulty in agreeing with the Secretariat that the procedure would be satisfactory.

5. We were gratified that Lall of India shared this view. In a perfunctory way, he reiterated Menon's suggestion of the past that the political side of the UNEF report should perhaps be discussed in the First Committee but Lall readily accepted the Secretary-General's explanation that the general committee with the concurrence of the General Assembly had already allocated the UNEF item to the plenary session. We should be surprised if the Indians were to make any further effort to refer any part of the report to a political committee.

6. Engen of Norway expressed agreement with the procedure proposed by Cordier. He emphasized, however, that the President's mandate to the Advisory Committee and the Fifth Committee should be carefully worded. There seemed to be general agreement in the Advisory Committee on UNEF that this mandate should be in the form of a directive from the President rather than by resolution of the Assembly.

7. The Secretary-General lead the discussion about the kind of resolution or resolutions which might be submitted to the General Assembly. After some discussion he concluded that there should be two resolutions:

(a) One which would take note of the report on UNEF and in particular of the fact that UNEF had made a valuable contribution to peace and security in the Mideast. In effect, this would be an endorsement of the view that UNEF should be continued on the present basis but for no prescribed time. The aim would be not to reopen questions like the size, composition, functions and withdrawal of the force, nor to pass judgement on unresolved matters like the stationing of UNEF on the Israel side of the demarcation line, but merely to recognize without derogating from previous decisions the state of affairs described in Parts I and II of the report. This first resolution should also contain a provisional authorization of the Secretary-General to incur obligations for the period ending December 31/57, subject however to review and recommendation by the Fifth Committee. Turner pointed out that the existing obligational authority was all but exhausted and the Secretariat would need additional though provisional authority to continue the operation of UNEF during the time when the Assembly would be discussing the whole matter.

(b) The second resolution would take into account the administrative decisions requested by the Secretary-General in paragraph 111 of the UNEF report. I need not detail these in this telegram but they are similar to those suggested in paragraph 4 our telegram 2120.

It was generally acknowledged in the Advisory Committee that the drafting of these resolutions would be a complicated process and the Secretary-General encouraged all members to keep in touch with one another and with the Secretariat during the drafting process, which he suggested should begin at once.

8. We discussed sponsorship of the resolutions. The Secretary-General suggested that the participating governments should co-sponsor the draft resolution. Lall expressed some hesitation about this and stated that the co-sponsors should be nonparticipating governments. There was general agreement that the Great Powers and the parties to the Palestine dispute should be excluded. We urged that the members of the Advisory Committee, as such, might be the co-sponsors, at least in the initial stages. Ahmed of Pakistan believed that if only the Advisory Committee were involved there might be some suspicion in the Assembly that UNEF was a closed corporation. In the end there was more or less unanimity that the members of the Advisory Committee should form the nucleus of a co-sponsorship group which could include the other participating governments and additional nonparticipants. We also discussed the possible time table. There was no quarrel with the view that the plenary should not begin its discussion of the report until after the First Committee had completed the debate on disarmament. This would mean that the proceedings in plenary would commence about the first week in November (although this may be an optimistic estimate of the First Committee's proceedings). This would allow about three weeks for preparing the draft resolutions, organizing the group of sponsors, and paving the way for the debate in plenary. We do not consider this too long a period for these tasks, particularly since members will undoubtedly require governmental approval for many of the questions involved. Unless you instruct otherwise, therefore, we shall continue our efforts to focus attention on the UNEF report and to persuade those most closely concerned to pursue the course of action which is outlined in this telegram.

267. DEA/50366-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 2191 New York, October 17, 1957

CONFIDENTIAL. PRIORITY.

Reference: Our Tel 2133 Oct 12.

Repeat London, Washington, Paris, NATO Paris (Information).

UNEF REPORT

During the past few days we have been discussing this subject with USA and Norwegian officials. There has been some development in the thinking here about the kind of resolution which might be submitted to the General Assembly. In paragraph 7 of our telegram 2133 we suggested that there might be two resolutions. USA officials have pointed out with some force that to split the decision in principle to continue UNEF from the decisions about the method of financing and other administrative matters might afford too much opportunity for delegations to support continuation without supporting the consequential and necessary measures for continuing UNEF. We and the Norwegians agree with this view and with our USA colleagues we have been discussing a single draft resolution.

2. It is recognized, however, that the Assembly might be required to adopt, as a preliminary or interim measure, a resolution giving provisional authorization to the Secretary-General to incur obligations up to December 31, 1957 and perhaps to adopt provisional means for obtaining cash requirements. This problem is being discussed with the appropriate UN officials.

3. Although we have been looking at a preliminary draft prepared by USA financial advisers, we see no advantage in sending it to you at this stage because it would require considerable revision before it would be suitable to submit to the Assembly. The Norwegians, after consulting with the USA Delegation and ourselves, have shown the USA draft to the Secretary-General who will probably let us have his own views about a text suitable for Assembly consideration. We hope to have a text for you before the end of this week. The USA and Norwegian delegations have readily accepted our suggestion that once we have reached agreement on a text we should seek support for it from the Indians and later other members of the Advisory Committee on UNEF. In consultation with these we would consider the further composition of a group of co-sponsors.

[W.D.] MATTHEWS

268. DEA/50366-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Delegation to United Nations General Assembly

TELEGRAM DL-899 Ottawa, October 18, 1957

CONFIDENTIAL. PRIORITY.

Reference: Your Tels 2120 Oct 10, 2133 Oct 12 and 2191 Oct 17.

UNEF REPORT

We were in the process of informing you of our agreement with Secretary-General's and Cordier's proposals when we received your telegram 2191 indicating that you now believe that a single resolution embodying a decision of principle on the future of UNEF as well as decisions on the method of financing would be preferable to two resolutions separating the political issue from the financial problems.

2. The problem appears to us to be one of deciding whether a single resolution would offer the same guarantees of obtaining an absolute majority vote endorsing UNEF. It appeared to us when you informed us of Secretary-General's proposal for two resolutions that by separating the political questions from the financial issues, it might be more likely that the political resolution would have a better chance of obtaining an absolute majority support (giving it thereby greater stature) than if it were adopted by a mere majority of only half of the total members, which might be the case if financial issues were linked to the political question. You are, however, in a better position than we are to decide which of the two courses is preferable in the light of the likely attitude of other delegations.

3. With regard to the problem of sponsorship raised in paragraph 8 of your telegram 2120, we see no valid reason why the participating governments should not all be sponsors as well as any other government except the Great Powers. If they are to be excluded, which is understandable, it seems to us even more important for the success of the operation that countries which are directly concerned with UNEF should indicate early their support of the resolutions. Each of them will thereby help to gain the support of their friends. A *prise de position* on the part of India right from the outset would certainly influence favourably the Afro-Asian Bloc.

---

269. DEA/50366-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 2441 New York, November 8, 1957

SECRET. OPIMMEDIATE.

Repeat London, Washington, Paris, NATO Paris (Information).

By Bag Cairo, Beirut, Tel Aviv, Delhi, Karachi, Colombo, Belgrade, Oslo, Stockholm, Copenhagen, Helsinki, Rio, Bogota, Djakarta from London.

UNEF REPORT

Yesterday (November 7) we and the Norwegians met with the Secretary-General, Cordier and Bunche to discuss the latest developments in preparation for the Assembly consideration of the Secretary-General's report on UNEF. In our view, which has been shared by the Norwegian and USA delegations, the Secretariat have been dragging their feet in making ready for the UNEF debate. Admittedly the Assembly proceedings on Syria disturbed the programme which had been under consideration in the Advisory Committee on UNEF and elsewhere but there was no reason why some preparatory steps could not have been taken. Our main object in seeing the Secretary-General was to persuade him to establish a timetable for the Assembly proceedings on UNEF and to give at least preliminary consideration to tactics for dealing with the report.

2. We first discussed a new USA initiative which we had been discussing with the USA delegation during the past few days. The USA had appropriated funds between $10 and $12 million which the USA is prepared to grant to the UN as a sort of subsidy or special assistance designed to reduce the financial deficit in the UNEF special account for the period ending December 31, 1957. The purpose of this special assistance would be to encourage members of the Assembly to accept the assessment principle not only for the balance required for 1957 but for the whole UNEF budget for 1958. The USA calculation is that their special assistance in the amount specified would reduce the 1957 deficit to about $6 million.

3. There would be no strings attached to the gesture. It would be an outright grant with no matching principle involved. The USA hoped, however, for political reasons that other member governments, particularly those who have not provided contingents for UNEF, would be induced to offer special assistance which would further reduce the 1957 deficit. At the suggestion of the USA the Secretary-General and Bunche have been discussing the USA initiative with such delegations as the UK, Japan, Spain, Peru, the Philippines, Iran, Belgium, Austria, Ceylon and Australia.

4. The purpose of the Secretariat approach is twofold:

(a) To persuade the delegations concerned that the future financing of UNEF must be placed on a regular and sound basis and that this can only be through the assessment principle.

(b) To explain to those delegations the USA initiative and to encourage them to make a similar gesture, which in effect would be the counterpart of the contingents which governments participating in UNEF have provided. The Secretary-General intends to discuss the same matter with Kuznetsov although perhaps not in quite the same terms. The USA Delegation has already informed the Indians and Lall's personal reaction was enthusiastic.

5. The Secretary-General had made a direct approach to Selwyn Lloyd by asking Dixon to transmit a letter. The aim was to persuade the UK to participate in the programme of special assistance. The UK had some remaining bills which could be cancelled as part of any contribution the UK might make. The Secretary-General wished to give the new government in France time to settle down before approaching them. He would prefer too to have the UK reply before approaching the French.

6. Bunche reported that the representatives of the Philippines, Spain and Japan had undertaken to recommend to their governments that they provide special assistance. The Japanese were most forthright and Bunche seemed confident that they would contribute. You will be interested to know that the Spaniards, who have been threatening to reintroduce their ill-advised proposals of last session, now apparently accept the assessment principle. All the representatives approached are seeking instructions.

7. The USA initiative no doubt reflects the attitude which Dulles expressed to the Minister early in the session. It also reflects the USA search for a device which would encourage acceptance of the assessment principle for the future financing. A sound case can be made for dealing with the 1957 deficit by extraordinary means because the initial proposals for financing UNEF proved inadequate, mainly because they had to be devised at the height of an emotional debate here and because at the time there was no clear conception of the scope of the financial problem. It has been clearly demonstrated that requests for voluntary contributions are fruitless as a method for financing an operation like UNEF. The "Special Assistance Programme" may appear very much like a process of voluntary [sic], but it would be unrealistic to suppose that the 1957 deficit could be reduced without some extraordinary measure. As we see it, the main problem will be one of presentation, for all concerned must ensure that the special grant by the USA is not taken by the waverers as an excuse for not establishing firmly the assessment principle for the future. This is the main purpose of the current approaches and would be the core of activity behind the scenes in the days to come.

8. In our conversations with USA officials there has been some attempt on their part to persuade us that Canada might be able to contribute special assistance through cancellation of some of our bills. In reply we have stated emphatically that Canada could not consider any further contribution to UNEF without knowing precisely the extent to which the Canadian government would be reimbursed. In addition we have emphasized the extent of additional costs which Canada has already absorbed. We shall persist in this attitude and we are encouraging close friends among the participating governments to take the same attitude. We believe that the approach for special assistance should specifically exclude those governments which are already contributing to UNEF "in kind." In addition to the financial question, we believe that the problem of presentation might be eased if the special assistance could be described as a contribution which governments wished to make to UNEF because for well-known reasons they were unable to provide contingents. We might add that the USA grant plus any additional assistance which might result from the Secretariat approaches will be described in an addendum to the Secretary-General's report, which addition will be distributed shortly before the proceedings begin in plenary.

9. The programme for dealing with the UNEF report, which we and the others mapped out yesterday, is as follows:

(a) On November 11 we and the Norwegians will meet again with the Secretary-General to complete the drafting of a resolution concerning the report.

(b) On November 12 or 13 this draft resolution will be discussed informally by the Advisory Committee on UNEF with a view to having them form the nucleus of co-sponsors (as previously agreed in the Committee).

(c) Perhaps the same day or shortly thereafter representatives of the remaining governments participating in UNEF will be approached about co-sponsorship.

(d) The Secretary-General's addendum should be ready about November 15.

(e) The debate in plenary would begin about November 20. During the interval, November 13 to 20, all the co-sponsors would make a determined effort to sell the draft proposal on UNEF to as many members of the Assembly as possible. The aim would be to ensure a quick and quiet passage. If this spade work should prove effective, the plenary session might be able to conclude its initial proceedings by the weekend of November 23-24.

(f) The Advisory Committee would become seized of Part III of the UNEF report as soon as the plenary session began to discuss it. The Fifth Committee would begin its consideration of Part III as soon as possible after November 25 and the hope would be that the Committee could complete its consideration of the budgetary matters by December 6. This is an ambitious programme and its success might well depend on the groundwork during the next week or so.

10. We expect to be closely involved in the activity behind the scenes. Our resources may be overtaxed. In this regard we are wondering whether you could provide us with a skeleton statement covering the main political and financial objectives we would be seeking during the UNEF debate.

270. DEA/50366-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 2450 New York, November 11, 1957

SECRET. EMERGENCY.

Reference: Our Tel 2441 Nov 8.

Repeat Washington (OpImmediate), London, Paris, NATO Paris (Information).
By Bag Cairo, Beirut, Tel Aviv, Delhi, Karachi, Colombo, Belgrade, Oslo, Stockholm, Copenhagen, Helsinki, Rio, Bogota, Djakarta from London.

UNEF

The Secretary-General has sent us a draft resolution, dated November 9, which the Secretariat had prepared after studying an earlier draft produced by the USA Delegation. The Secretary-General will today discuss his draft with the Norwegians and ourselves. Prior to our discussion with the Secretary-General, we and the Norwegians will meet with the USA Delegation. The purpose of these meetings will be to put the finishing touches on the draft resolution, which will be discussed early tomorrow morning with the members of the Advisory Committee on UNEF.

2. The draft resolution reads as follows:

"The General Assembly,

Recalling its resolutions 1000(ES-1) of November 5, 1956, 1001(ES-1) of November 7, 1956, 1125(XI) of February 2, 1957 and 1090(XI) of February 27, 1957, concerning the establishment, organisation, functioning and financing of the UN Emergency Force;

Noting with appreciation the report of the Secretary-General on the Force (A/3694) of October 9, and the effective assistance rendered by the Advisory Committee on UNEF;

Mindful of the contribution of the Force to the maintenance of quiet in the area;

1. Expresses its appreciation of the assistance rendered to the Force by the members who have contributed troops and other support and facilities and its hope that such assistance will be continued as necessary.

2. Approves the principles and proposals for allocation of costs between the organisation and members contributing troops as set forth in paragraphs 86, 88 and 91 of the report of the Secretary-General (A/3694) and authorizes the Secretary-General in connection therewith to enter into such agreements as may be necessary for reimbursement of appropriate extra and extraordinary costs to members contributing troops.

3. Resolves that to meet the expense of the force a further sum of $_____ be appropriated for the period from the inception of the force through December 31, and that a sum of $_____ be now appropriated for its continuing operation.

4. Decides that the expenses under such appropriations shall be borne by members in accordance with the scale of assessments adopted by the General Assembly for the financial years 1957 and 1958 respectively; such other resources as may have become available for the purpose in question shall be applied to reduce the expenses before the apportionment for the period ending December 31.

5. Invites its Administrative and Budgetary Committee, with the assistance of the Advisory Committee on Administrative and Budgetary Questions, to examine, in the light of the present resolution, the report of the Secretary-General and to report as appropriate."

3. We expect that during the course of the day there may be some alteration in this text because some USA officials have already expressed reservation about it. Indeed we can expect the draft to be under constant review during the next few days as it is discussed with an ever-widening group of delegations. At this stage we have no specific comments to make about the text and would prefer to hear the comments of others. Generally speaking the draft resolution seems to cover the main points which we have in mind but they may have to be formulated more precisely to satisfy some delegations. For example, the authorizations contained in operative paragraph 3 should be made subject to review by the Fifth Committee and the Advisory Committee on Administrative and Budgetary Questions. The all important operative paragraph 2 might also require greater precision of language. Any comments you may wish to offer should be passed to us by the quickest means, probably by phone.

---

271. DEA/50366-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 2457 New York, November 11, 1957

SECRET. OPIMMEDIATE.

Reference: Our Tel 2450 Nov 11.

Repeat Washington (OpImmediate), London, Paris, NATO Paris (Information).

By Bag Cairo, Beirut, Tel Aviv, Delhi, Karachi, Colombo, Belgrade, Oslo, Stockholm, Copenhagen, Helsinki, Rio, Bogota, Djakarta from London.

UNEF

During the course of the morning we discussed with the USA and Norwegian Delegations the Secretariat's draft resolution on the UNEF report (our telegram 2450). They suggested, and we agreed, that operative paragraph 5 should be more precise in its directive to the Fifth Committee. We were also in agreement that operative paragraph 3 should be changed to become an authorization to spend monies rather than a decision about appropriation.

2. As a result of these conversations the draft resolution was revised and discussed this afternoon with the Secretary-General, Bunche, Cordier and Turner. Representatives of the

delegations of Canada, Norway and the USA attended this meeting with the Secretariat. After some discussion there was general agreement on a new text for operative paragraphs 3, 4 and 5.

3. The revised paragraphs read as follows:

> "3. Authorizes the Secretary-General to expend an additional amount for the Force for the period ending December 31, 1957, up to a maximum of $13.5 million and, as necessary, an amount for the continuing operation of the Force beyond that date up to a maximum of $25 million, subject to any decisions taken on the basis of the review provided for in paragraph 5.
>
> "4. Decides that the expenses authorized in paragraph 3 shall be borne by the members in accordance with the scale of assessment adopted by the General Assembly for the financial years 1957 and 1958 respectively; such other resources as may become available for the purpose in question shall be applied to reduce the expenses before the apportionment for the period ending December 31, 1957.
>
> "5. Requests its Administrative and Budgetary Committee, with the assistance of the Advisory Committee on Administrative and Budgetary Questions, to examine, in the light of the present resolution, the cost estimates for maintaining the Force contained in the report of the Secretary-General and to make such recommendations as it considers appropriate concerning the expenditures authorized under paragraph 3."

4. The revised text will be discussed tomorrow morning at 9:30 in an informal meeting of the Advisory Committee on UNEF. The delegations of Norway and Canada will present the text and recommend that it be co-sponsored initially by all the members of the Advisory Committee. If they should find it possible to co-sponsor, this nucleus would approach the other governments participating in UNEF (Indonesia, Yugoslavia, Denmark, Sweden, Finland) and a roughly balancing number of other governments (Cuba, Dominican Republic, Peru, Venezuela, Philippines, Iran, Italy, Spain, Tunisia, Ethiopia, Ghana and Japan have been mentioned as possibles), probably excluding the Great Powers, to complete the group of co-sponsors, who might number about twenty. This group would then try to promote support for the draft resolution among other members of the General Assembly.

5. The present aim is to complete the gathering of co-sponsors by November 14 and formally to circulate the draft resolution about that time. Concurrently the USA will be making approaches in national capitals, particularly in Latin America, to mobilize support. You may wish to consider whether Canadian representatives in some of the key capitals might take similar action. We shall be in a better position within a very few days to indicate to you where diplomatic action could most usefully be applied.

6. At the meeting today the Secretary-General said that he hoped he could produce this supplementary memorandum concerning the special assistance rendered by governments responding to the generous USA offer and to the approaches made recently by the Secretariat. This special assistance, you will note, has been covered in the draft resolution by the phrase "such other resources as may have become available for the purpose in question," in operative paragraph 4. We shall consult with the Secretariat tomorrow to try to ascertain the response of the various governments approached not only to the appeal for special assistance but to the proposal that the expenses of UNEF should be borne by the members in accordance with the scale of assessment.

7. The consultation to date on this subject has been cordial and businesslike and has produced useful results. We hope that we can continue this process during the days to come and especially tomorrow when the text is launched in the Advisory Committee.

272. DEA/50366-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 2469 New York, November 12, 1957

SECRET. OPIMMEDIATE.

Reference: Our Tel 2457 Nov 11.

Repeat Washington (OpImmediate), London, Paris, NATO Paris (Information).

By Bag Cairo, Beirut, Tel Aviv, Delhi, Karachi, Colombo, Belgrade, Oslo, Stockholm, Copenhagen, Helsinki, Rio, Bogota, Djakarta from London.

UNEF

The Advisory Committee on UNEF met this morning (November 12) as planned. The Secretary-General began the discussion about the UNEF report by describing the USA initiative mentioned in our telegram 2441 November 8. The Secretary-General spoke about the discussions which the Secretariat had been having with the various delegations (by the end of today they will have spoken to 33 delegations). He emphasized that the approach was designed to encourage support for the principle of assessment and to invite the governments concerned to give special assistance, in conjunction with the substantial USA contribution, to liquidate the deficit for 1957. In the Advisory Committee the Secretary-General pointed out that it was important that the USA move should not be given any political accent. There was no further discussion concerning the initiative.

2. The Secretary-General roughly indicated the timetable for the Assembly consideration of the UNEF report. He said that the Secretariat were aiming to have the discussion in plenary begin about November 20. He then invited members of the Advisory Committee to continue the off-the-record discussion about a draft resolution which preferably should be sponsored in the first instance by members of the Advisory Committee, although on the understanding that others would be added to the group of sponsors. He invited members of the Committee to express their views.

3. By prior arrangement Engen introduced the draft resolution, the text of which was sent to you in our telegrams 2450 and 2457 of November 11. The text was distributed to members of the Advisory Committee. Engen emphasized that it had been drafted within the framework and to meet the requirements of the Secretary-General's report.

4. The Secretary-General acknowledged that the Secretariat had participated in the preliminary discussion about the draft resolution. In his view the text took care in a satisfactory way of the needs of the Secretariat. He added that although the draft resolution referred to previous resolutions which had not been fully implemented, the current text was not intended either to abrogate the earlier texts or in any way to approve the fact that some issued had not been resolved (meaning of course the question of deployment). The Secretary-General suggested that a reasonable limitation had been placed on the financial authority for the future.

5. Engen then drew attention to the main points in the draft resolution and explained some of the language which might appear ambiguous. In response to our question it was brought out that before the Assembly had to deal with the draft resolution an information paper

would be circulated by the Secretary-General concerning the special assistance provided by governments, including the USA. Lall took up this point and suggested that the text would be improved if in operative paragraph 4 the semicolon should be replaced with a comma (after "respectively") and in the subsequent phrase the words "shall be" were replaced by "being". These changes were accepted. Lall also suggested that in the second paragraph of the preamble the word "effective" might be deleted. The Secretary-General replied that the inclusion of this word was more than mere courtesy since it implied that the machinery of the Advisory Committee on UNEF had worked with good effect and it was important, for constitutional purposes, that the Assembly should recognize this fact. Lall accepted this position.

6. In addition, Lall and the others seemed agreeable that the members of the Advisory Committee should form the nucleus of co-sponsors, who would also include the other participating governments and some other powers, unspecified. This afternoon at 5:30 we shall discuss with the Secretariat and members of the USA and Norwegian delegations the question of co-sponsorship and also the question of diplomatic approaches to governments who for one reason or another have shown reluctance about the current proposal for financing UNEF. This discussion will be based on conversations which the Secretariat have had with delegations here.

---

273. DEA/50366-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 2485 New York, November 13, 1957

SECRET. OPIMMEDIATE.
Reference: Our Tel 2469 Nov 12.
Repeat Washington (OpImmediate), London, Paris, NATO Paris (Information).
By Bag Cairo, Beirut, Tel Aviv, Delhi, Karachi, Colombo, Belgrade, Oslo, Stockholm, Copenhagen, Helsinki, Rio, Bogota, Djakarta from London.

UNEF

Today developments concerning this subject were disrupted by the agitated consultation on disarmament.[45] It was difficult to draw the attention of the appropriate members of delegations to the draft resolution. Nevertheless some progress was made.

2. During the day all members of the Advisory Committee on UNEF agreed to co-sponsor the draft resolution. In addition, there were favourable indications that Denmark, Sweden, Indonesia and Yugoslavia would also co-sponsor it. The Delegation of Finland has expressed some reservation, particularly about operative paragraph 2. They would like to have included a specific reference to paragraph 84 of the Secretary-General's report, even though this paragraph leads to the conclusions expressed in paragraph 86. The other Nordic countries have been trying to persuade the Finns not to insist on the inclusion of paragraph 84 because this might lead to further additions which would complicate the

---

[45] Voir volume 24, les documents 124 à 134.
See Volume 24, Documents 124-134

negotiations implied in operative paragraph 2 of the draft resolution. At the request of Finland and to complete the first paragraph of the preamble Assembly Resolution 1089 (XI) of December 21, 1956 has been added to the list immediately before Resolution 1090.

3. Today the members of the Advisory Committee in a brief meeting considered the question of adding other co-sponsors to the group already mentioned in this telegram. In the end it was agreed that approaches should be made to various delegations. We and the Norwegians have agreed to approach as the next stage the delegations of Ghana, Iran, Italy, Japan, NZ, Peru, Spain and Thailand. Some of these have been included because they have already expressed to Bunche their approval of the proposals contained in the draft resolution. Others have been included to head off any possible mischief they might make during the debate both in plenary and in the Fifth Committee. With this group the number of co-sponsors would be 20. Others may be added including Austria, Belgium, Dominican Republic, Greece, Ireland, Liberia, Philippines and Venezuela. In order to keep the matter under control, however, we are proceeding gradually in the expansion of the group of co-sponsors.

4. This afternoon we discussed the draft resolution with the UK Delegation. They are generally in favour of it but they suggested that in operative paragraph 2 the Secretary-General's authorization to enter into agreements with participating governments should be "in consultation with the Advisory Committee on Administrative and Budgetary Questions." Bender of the USA Delegation also took part in this conversation. We agreed with him that to bring the Advisory Committee into the picture might greatly complicate the negotiations, particularly since the USSR is represented on the Advisory Committee. In addition, there would be more than a suggestion that either the governments concerned were padding their costs or the Secretary-General and his staff were not sufficiently qualified to deal with the claims. Politically each of these suggestions could be embarrassing and particularly in view of the fact that the Advisory Committee and the Fifth Committee will have the opportunity to review the UNEF budget and UNEF expenditures under regular procedures. The UK argument for using the Advisory Committee in the manner suggested might have some validity on purely financial grounds but these are more than offset by the political disadvantages. The UK Delegation seemed to accept this conclusion.

5. At the same time we were informed that the UK would probably contribute "about a million dollars" as special assistance in line with the USA initiative. We have not heard about any other figures but we understood from Bunche that several governments were likely to deal sympathetically with the UN approach for special assistance.

6. It is becoming clear that the Latin Americans might make the most difficulty in the consideration of the draft resolution on UNEF. Argentina, Cuba and Mexico reacted negatively to the UN approach but there are undoubtedly others. The USA is beginning its campaign of persuasion among the Latins. The aim will be to persuade as many as possible to support the draft resolution. This will break up the bloc and tend to weaken the resistance of others.

7. From our conversations with the Egyptians it would appear that the Arab States will probably abstain on the draft resolution. This does not mean that they will not pay their share of any assessment which might result. The unresolved question of deployment is a political reason why the Arabs might not wish to vote for the resolution. Apparently when Lall showed the draft resolution to Sobolev he said that the USSR would vote against it but in a tone which suggested that this would be a matter of course. In the view of some qualified observers here this does not necessarily mean that the Russians will not pay their share of the assessment.

274. DEA/12479-B-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Delegation to United Nations General Assembly

TELEGRAM DL-991 Ottawa, November 14, 1957

SECRET. OPIMMEDIATE.

Reference: Your Tels 2441 Nov 8, 2450, 2457 Nov 11 and 2469 Nov 12.

Repeat Washington, London, Paris, NATO Paris (Routine) (Information).

By Bag Colombo, Belgrade, Oslo, Stockholm, Copenhagen, Helsinki, Rio, Bogota, Djakarta, Cairo.

FINANCING OF UNEF

Your telegrams under reference indicate constructive progress in negotiations on financing of UNEF. As we understand the current situation the following steps are envisaged (a) the United States will provide an outright grant of $12 million (b) the governments not providing contingents for UNEF will be approached by the Secretary-General and asked to make contributions to meet the 1957 deficit (c) any amount still necessary to meet the 1957 deficit and the cost of operation for 1958 will be raised through common assessment. It is assumed that these proposals would produce adequate funds to meet the cost of operation of UNEF in 1957 and 1958 on the basis of the financial recommendations of the Secretary-General.

2. We are also encouraged by paragraph 6 of your telegram 2441 which indicates that a number of delegations may be prepared to respond favourably to the Secretary-General's appeal. We would also hope that the Indian reaction described in paragraph 4 (13) is an indication that they will support the resolution. We remain however a bit skeptical on the effectiveness of the "special assistance programme." While we hope it will succeed to a degree which will help meet the present deficit we believe that we should strongly press for common assessment for whatever amount is needed after the Secretary-General has passed the hat. Any further compromise of the principle of common assessment would in our opinion result in furthering the unfortunate state of affairs which has existed up to now whereby the Secretary-General was authorized to spend money for UNEF without previous agreement on how the money would be raised. If it appears that in the final count there will be adequate support for the proposed resolution including common assessment for some $31 million we should support it.

3. We have noted that the operative paragraph of the proposed resolution which provides for common assessment follows the paragraph authorizing expenditures. If the resolution is to be voted as a whole this will not create any difficulty but in a paragraph vote it would be possible that the paragraph authorizing expenditures might be approved while the paragraph dealing with the ways the money would be raised — common assessment — could be amended to provide for voluntary contributions if not entirely defeated. This would produce an impossible situation resembling that of last session where the raising of additional funds authorized were left to voluntary contributions. We consider therefore that you should press for a vote on the resolution as a whole. In order to avoid procedural confusion as to the use of extraordinary means to meet the 1957 deficit, the principle of common assessment should be the first operative paragraph of the resolution. If it is not too late you

should press for this amendment. We would also suggest that the words "and compensation for worn out or destroyed equipment" be inserted after the words "extra and extraordinary costs" since the present operative paragraph 2 of the resolution refers to paragraphs 86, 88 and 91 of the Secretary-General's report. Otherwise the wording would put too much stress on the Scandinavian claim and not enough on our right to be reimbursed later on for the deterioration of our equipment.

4. We mention this because the resolution envisages full reimbursement of the additional costs to Scandinavian governments thereby placing them in a preferred position to governments such as Canada which absorb the cost of salaries and most of the allowances paid to their troops. Since they are providing contingents, the Scandinavian governments would also be absolved from a request for special assistance at a time when practically all the costs of their troops would be reimbursed by the UN. The Scandinavians would in the end be in a position even more favourable than the governments which will subscribe to the special assistance programme. This, however, may not be realized by the contributors to the special assistance programme. As you know we have always been concerned about the establishment of a precedent whereby a country offering troops can seek full reimbursement for the whole of the cost as this would necessarily increase the assessments required. According to paragraph 90 of the Secretary-General's report the cost for the first six months for the reimbursement of special allowances is $2 million and the cost for the remainder of the period for extra and extraordinary costs relating to pay and allowances is $4.5 million. It is not clear to us what part of these costs are required to meet the special claims of the Scandinavians but it seems evident that their claims represent a very substantial addition to the total cost of operation of UNEF and go definitely beyond what we had originally expected the members providing troops would receive in reimbursement. For reasons explained in Ottawa to Mr. Matthews, you need not oppose the Secretary-General's proposal concerning the Scandinavian claims if we are assured that all members will be willing to share the extra costs under common assessment. If you are satisfied that the inclusion of the Scandinavian claims will not prejudice a satisfactory solution of the financial problem, these claims might be maintained but if a reduction would expedite an agreement it would seem desirable to explore with other delegations and the Secretary-General the possibility of dissuading the Scandinavians from pressing their claim or at least of reducing it to its minimum by accepting the principle for reimbursement which we are advocating.

5. In view of the uncertainties in the situation in New York we must rely on your advice and judgment as to the extent to which it is prudent to pursue the course upon which you are now embarked. For similar reasons we could not undertake to draft a statement other than in terms already provided in the commentary as we consider your statement must be adapted to day-to-day developments in New York. It seems to us that the commentary and previous correspondence will provide adequate guidance. Your statement however should touch upon the following points:

(1) Our belief in the usefulness of UNEF as an instrument for maintaining the ceasefire and thus reducing tension in one of the most sensitive areas, and our satisfaction that, as indicated in the Secretary-General's report, there have been no raids from either side and that there has been a steady reduction in the number and severity of incidents;

(2) Our willingness to give full practical support to the maintenance of this successful UN activity and our belief that all members of the UN should be prepared to recognize that it is a collective responsibility;

(3) Our appreciation of the generous USA contribution to help meet 1957 deficit;

(4) The extraordinary means used to meet the exceptional situation with which we are now faced should not establish a precedent for long-term arrangements;

(5) The importance of establishing financial arrangements which will not only put the present force on a sound and regular basis but which will also establish a principle which can be applied if similar situations are faced by the UN in the future;

(6) Our belief that countries participating in UNEF do have a right to reimbursement of reasonable claims for expenditures resulting from their providing troops — this is particularly important if we do not want to discourage other countries from providing contingents in future.

6. The views expressed in this telegram represent also those of the Department of Finance.

---

275. DEA/12479-B-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 2513 New York, November 15, 1957

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tel DL-991 Nov 14.

FINANCING OF UNEF

We are hopeful that the draft resolution on UNEF will go through plenary with wide support. The atmosphere of this year's discussions on UNEF financing has been considerably different from that experienced at the Eleventh Session and there has been much greater evidence of a willingness to accept the Force and its financial consequences. By the time the resolution is presented in plenary next week we think there will be a list of about twenty to twenty-five co-sponsors. It is expected that most of the Asian countries will support the resolution, while the Arabs, if not in favour, will probably abstain. We anticipate that the Latin Americans, among whom the USA intends to do some intensive lobbying here and in the various capitals, will not oppose the proposal nor suggest alternatives. The position of the Soviet Bloc is clear, but even if they vote against the resolution, they will probably form a small minority in opposition. We realize that this is a favourable assessment of the prospects for the UNEF resolution but this is the way the matter is developing, as far as we can judge.

2. Current estimates indicate that about three to four million dollars might have to be raised by common assessment to meet the deficit for 1957, after the special assistance has been deducted. We have every intention however of pressing for a common assessment in 1957 regardless of the amount of deficit. You will have noted that the draft resolution provides for an assessment on the basis of the regular budget to meet additional appropriations required for the period ending December 31, 1957.

3. Paragraph three of your telegram contains a number of suggestions concerning amendments to the draft resolution and voting procedures in plenary. We think it is too late to press for the suggested amendments. As it stands, the resolution reflects a number of concessions and compromises by the co-sponsors and the latter have accepted it as a

"package deal." Attempts by us to have it altered would undoubtedly trigger off similar attempts by other co-sponsors and invite the prospect of further lengthy and difficult negotiations. For instance, with considerable reluctance and at the strong urging of other Scandinavian countries, Finland agreed to the omission in the draft resolution of a reference to paragraph 84 of the Secretary-General's report on UNEF. If we ask for an additional wording in the resolution concerning reimbursement of equipment costs we could expect Finland and other countries as well to seek amendments that would reflect their particular interests. If events took this turn, the chances of submitting an agreed text to the Secretariat this weekend would be remote and we might never reconcile the views of co-sponsors who now number about 18. The solidarity of the co-sponsoring group, which we believe to be a factor of great importance in getting the resolution accepted, would be weakened. These are risks which we think it would be inadvisable to take at this stage unless it appeared that Canadian interests were not adequately provided for in the draft resolution as is stands.

4. However, in our view it seems that the resolution incorporates all the main Canadian objectives. The reference in the resolution, to paragraph 91 of the Secretary-General's report on UNEF, covers reimbursement of costs of depreciation and replacement of equipment. In addition, Secretariat officials have assured us privately that they accept the Canadian position on these costs and will undertake negotiations for their reimbursement.

5. The positioning of the paragraph in the draft resolution calling for a common assessment seems logical to us and in line with the presentation in the report. To change it might provoke undesirable debate in plenary, as well as the undesirable reactions from other co-sponsors to which we have referred earlier. We agree, however, that there might be procedural confusion if the resolution was voted paragraph by paragraph. We think the danger of this has been minimized by the acceptance of the large co-sponsoring group of the resolution as a package deal and we are reasonably confident that any move in plenary for separate voting could be defeated.

6. Our views on the possibility of getting agreement to common assessment have been outlined earlier in this telegram. However, we agree that this possibility has not been enhanced by the Scandinavian claims for pay and allowances, which have probably increased the UNEF bill substantially although we do not have exact figures. The chances of persuading the Scandinavians to reduce these claims at the present stage of negotiations are practically negligible. We understand from the Scandinavian delegations that their parliaments have taken firm positions on the matter and intend to stick to them, at least until the General Assembly approves the principle of reimbursement for extra and extraordinary costs incurred in supplying troops. On the other hand, it is possible that after this principle is approved some of the Scandinavian countries may be willing to withdraw at least part of their claims in order to reduce the financial burden on member states for 1958, and certainly this might be the case if in the final analysis the required funds were not forthcoming.

276. DEA/12479-B-40

Le chef de la délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly,
to Secretary of State for External Affairs

TELEGRAM 2530 New York, November 18, 1957

CONFIDENTIAL. OPIMMEDIATE.

Repeat Washington (OpImmediate), London, Paris, NATO Paris (Information).
By Bag Cairo, Beirut, Tel Aviv, Delhi, Karachi, Colombo, Belgrade, Oslo, Stockholm, Copenhagen, Helsinki, Rio, Bogota, Djakarta from London.

UNEF

The draft resolution (text contained in our telegram 2450 November 11 as revised by 2457 November 11, 2469 November 12 and 2485 November 13) was this afternoon submitted to the Secretariat under the co-sponsorship of the delegations of Brazil, Canada, Ceylon, Colombia, Costa Rica, Denmark, Finland, India, Indonesia, Iran, Ireland, Italy, Japan, Liberia, Norway, Pakistan, Sweden, Thailand, Uruguay and Yugoslavia. From soundings made we expect that the delegations of the Dominican Republic, Ghana, the Philippines and Spain may be added during the next few days. We are aware also that Peru and some of the other Latin Americans are more or less prepared to support the draft resolution although they could not be persuaded to co-sponsor it. We approached the NZ delegation about co-sponsorship but, although they were fully in favour of the text, they preferred not to co-sponsor it because they wished to press hard for the principle of assessment (we could not quite follow their reasoning in this regard). In addition the resolution will presumably have the support of the UK, France and the other Western Europeans. During the next few days efforts to win support for the text will be intensified.

2. The current intention is to have the UNEF item dealt with on Friday of this week. The indications are that the debate in plenary can be minimized and that the draft resolution can be adopted on the same day. Further efforts will be made to organize a list of speakers. Others among the co-sponsors have enquired whether the Minister would be prepared to introduce the draft resolution. We consider that it would be appropriate for Canada to take this initiative. We hope you will agree.

3. During the day we discussed with Bunche the text of the supplementary note by the Secretary-General concerning the special assistance. So far the following governments have agreed to contribute: USA ($12 million), UK ($1 million), Austria ($1,000), Australia and Ireland (contributions by the latter two will depend on the balance remaining to be assessed). The Japanese Delegation are still hopeful that their recommendation of $.5 million will be accepted by their government which is anxious to demonstrate its support for UNEF and the UN in general. There is also a possibility that the Netherlands will contribute. The possibility of offering special assistance will remain open until the end of the year and this fact will be made clear in the supplementary note.

[W.K.] NESBITT

277. DEA/50366-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 2575 New York, November 22, 1957

CONFIDENTIAL. OPIMMEDIATE.

Repeat Washington (OpImmediate), London, Paris, NATO Paris (Information).
By Bag Cairo, Beirut, Tel Aviv, Delhi, Karachi, Colombo, Belgrade, Oslo, Stockholm, Copenhagen, Helsinki, Rio, Bogota, Djakarta from London.

UNEF

Today Friday November 22 the General Assembly in Plenary Session discussed the draft resolution on the continuance and financing of UNEF, text of which was sent to you. The debate ended this afternoon in a roll call on the resolution. The resolution was passed by 51 in favour, 11 against and 19 abstentions.

2. Yesterday afternoon we became aware that a section of the Latin American caucus had had second thoughts on the draft resolution and that Aranales of Guatemala had called a meeting of the Latin American caucus in order to discuss a delay in the debate so that he and a group of others of the caucus could consider an amendment to the 21-power draft which would provide for a method of financing other than assessment according to the scale for 1957-1958. The group espousing this approach consisted of Guatemala, Chile, Argentina, Mexico, Cuba and Ecuador. The representatives of Argentina, Chile, Mexico and Guatemala together with the representative of Paraguay, as Chairman of the Latin American caucus, discussed the matter with Lodge (USA) at his request. Lodge expressed in the strongest terms the opinion of the USA government that it was essential that the costs of UNEF should be shared according to the scale of assessments. We understand that he used strong and telling arguments to put across his point of view. It was significant that Judd, Chairman of the House Foreign Aid Committee, sat in on the meeting. After this meeting the five went to see Munro, and by using threats to the effect that they might have to bring up delicate matters (meaning Anglo-French culpability) during the debate attempted to persuade him to agree to a postponement, Munro, having been briefed by us, replied that he was aware that the twenty-one sponsors of the resolution wished to proceed with the debate and that if certain members wished for a postponement, the matter would have to be brought up as a procedural motion during the debate.

3. Senior officials of the USA State Department spent yesterday phoning various capitals in South America in order to head off the contemplated manoeuvre. They were successful in that Cuba and Argentina received instructions to vote in favour of the resolution and that all Latin Americans with the exception of Chile and Ecuador, who voted against the resolution, and El Salvador, Guatemala, Mexico and Panama, who abstained, voted in favour.

4. Thirty-one speakers took the floor during the debate. The majority of them, including the Latin Americans who voted against the resolution and who abstained, praised the work of UNEF and the Secretary-General and expressed thanks to those countries which had provided contingents or other forms of assistance to the force.

5. The USSR made the keynote speech for the Communists. Sobolev spoke in a low and indistinct voice without emotion. It was interesting to note that he did not dwell on the legality but rather on the bypassing of the Security Council. He finished, however, by implying that the USSR would not pay should the resolution be passed. USA observers are not sure that this statement excluded payment. Czechoslovakia, Bulgaria, Romania and Albania echoed Sobolev's sentiments. Only Bulgaria used excessive language and arguments.

6. By arrangement with us, Egypt was the only Arab State to speak. Loutfi had asked us on the previous day if he could take the floor before we introduced the resolution, since he did not wish to speak on the substance of it. Loutfi, therefore, spoke first and very briefly. Although he spoke of tripartite aggression, he dwelt mainly on Egypt's compliance with the resolution on standing UNEF and Israel's non compliance. Israel (as we were assured) did not speak during the debate.

7. Australia announced special assistance in the sum of fifty thousand dollars and Japan's special assistance "of a figure to be determined later." Before the debate began, Munro announced that Austria, Burma and Liberia had also offered token assistance. We are also aware that NZ and Ireland will give special assistance.

8. Tribute was paid by many of the speakers to General Burns and to Canada's initiative in the formation of UNEF. Several speakers also quoted a phrase in the Canadian speech[46] concerning the comparison of the cost of UNEF in terms of its results and the dangers which it has offset.

9. At the request of Norway, the vote was by roll call. The Communists, Chile and Ecuador voted against (11 votes). As we expected the Arabs, including Tunisia and Morocco but excluding Jordan (a surprise), abstained together with Cambodia, China and Malaya (19 votes). The remainder of the Assembly voted in favour (51 votes). South Africa was absent.

10. The vote is regarded by most members of the Assembly as a considerable success, considering its heavy financial implications. It would not surprise us if Ecuador at least would make some special statement attempting to cancel its negative vote. Trujillo as he left the Rostrum after explaining his vote was obviously very disturbed by the duty he had to perform. The Panamanian was unhappy about his abstention. Like earlier exercises at this session this one was arduous but on the whole encouraging.

---

278. DEA/50366-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2585 New York, November 23, 1957

SECRET. CANADIAN EYES ONLY. PRIORITY.
Reference: Our Tel 2575 Nov 22.

---

[46] Voir Canada, Ministère des Affaires extérieures, *Affaires Extérieures*, vol. 9, N° 12, décembre 1957, pp. 375 à 377.
See Canada, Department of External Affairs, *External Affairs*, Vol. 9, No. 12, December 1957, pp. 374-377.

Repeat Washington (Priority), London, NATO Paris, Paris (Information).
By Bag Cairo, Beirut, Tel Aviv, Delhi, Karachi, Colombo, Belgrade, Oslo, Stockholm, Copenhagen, Helsinki, Rio, Bogota, Djakarta from London.

UNEF

Owing the pressure of events we were unable to report fully on developments here during the past few days. It might be useful in this telegram to complete the record concerning consultations behind the scenes and also to give some assessment of the results obtained in the Assembly. I may say at once that whatever success was achieved was largely through the efforts of the delegations of Norway, Canada, USA, Brazil and Egypt. As regards the Egyptians, undoubtedly the earlier consultation with them concerning the Syrian item helped to create confidence in their relations with the other key delegations.

2. The Egyptians were particularly anxious that the debate on the UNEF report should be brief and uncontroversial. They undertook to persuade their Arab colleagues not to intervene, unless provoked, and not to try to block the proposals for financing the force. The Egyptians succeeded in this endeavour and in the actual voting all the Arab delegations abstained, except Jordan, which voted in favour of the resolution. Prior to the vote we had understood that Iraq and Tunisia would also vote in favour and one of the leading advisers in the Iraqi delegation later assured us that this would have happened if Shabandar had not been absent. The Tunisians might have been influenced somewhat by the fact that the Israelis, who voted before them, voted in favour of the resolution. In any event, the Arab abstentions should not be interpreted as an expression of disapproval of either the continuation of UNEF or the method of its financing. The main reason for the abstention was political, the fact that UNEF is deployed only on one side of the armistice demarcation line. It is not without significance, we suggest, that Syria voted with the other Arab delegations even though the Soviet bloc opposed the resolution. Again, we think that the Assembly treatment of the Syrian item helped to persuade the Syrians not to vote the Soviet line.

3. As we explained earlier one of our main objectives had been to include among the co-sponsors delegations which for one reason or another made much mischief at the Eleventh Session when the question of financing the Force was under consideration in the Fifth Committee. This explains why Uruguay and Costa Rica were included and why we worked so hard to win over the Spaniards. After the resolution was tabled we did succeed in having Spain added to the list of co-sponsors, making a total of 21, and effectively neutralizing the Spanish delegation, which last year advanced some most impractical ideas for financing the Force. The Norwegians deserve most credit for persuading the Spaniards but we agreed to add a phrase to our statement which helped to keep the Spanish delegation quiet during the debate yesterday. This addition was made at the end of the fifth paragraph, so that this final sentence read: "We know that further assistance has been offered and, of course, other voluntary contributions in the future are not excluded."

4. The inclusion of Spain among the co-sponsors, together with four Latin Americans, probably helped to head off the wildcat revolt which Arenales of Guatemala stirred up among the Latins on November 21. It is true that the USA, both here and from Washington, exerted strong pressure on the Latin Americans to support the resolution and, in particular, not to seek a postponement in order to consider alternative methods for financing the force. Nevertheless, some of the credit for breaking up the Latin American move for postponement must go to the Brazilians and in the later stages, to Peru. We and the Norwegians kept in close touch with Freitas-Valle and Bernades of Brazil to encourage them in their efforts to head off their colleagues from Guatemala, Chile, Argentina, Mexico

and Paraguay. Particularly the Guatemalan, Chilean and Mexican representatives have earned themselves considerable disfavour for their part in this exercise. The Mexican attitude was most disappointing in view of Nervo's traditional pro-UN attitude.

5. In the voting the Latin Americans were split. Chile and Ecuador joined the Soviet bloc in voting against the resolution. The USA delegation believed that the Chilean either acted against his instructions or misled his government into believing that the move for postponement would succeed, thereby creating confusion in the Chilean position. The representative of Ecuador tried unsuccessfully to have his instructions changed and he seemed genuinely unhappy to find himself in such bad company. El Salvador, Guatemala, Mexico and Panama abstained. Afterward the representative of Panama showed some dismay when it was pointed out to him that as a prospective member of the Security Council, Panama had not shown much responsibility in its attitude toward the continuation of UNEF, one of the principal peacemaking activities of the UN. All of the Latins, whether in the opposition or abstaining groups, spoke strongly in favour of continuing UNEF and based their position in the voting on their lack of concurrence for the method of financing the Force. Notwithstanding the financial difficulties which face many of the Latin American States, it was difficult to sympathize with them when it could be shown that their total share of the UNEF assessment would be relatively so small.

6. Ethiopia, Malaya and Nepal were among those who abstained. The Nepalese had indicated before the vote that they would follow India but they may have been shaken by some of the Latin American arguments concerning the burden which the assessment principle would place on small countries. In addition, the Indians did very little to promoting the success of the UNEF proceedings. They were, of course, preoccupied with Kashmir and at an earlier stage with disarmament. In fact, yesterday morning Lall showed for a short time some interest in whittling away the assessment principle in order to placate the Guatemalans and others. We succeeded in dissuading him, but particularly by adding the phrase mentioned in paragraph 3. The Ethiopians seemed distressed because, being without instructions, they could not support the resolution which had the support of Liberia and Ghana. Perhaps if there had been more time the Ethiopians could have been persuaded. China also abstained and this was a surprise but presumably the Chinese attitude was based on financial considerations.

7. On the whole, the voting was a little better than we had expected. Our target was 50 votes in favour. Taking into account the attitudes which have been described in this telegram we are reasonably satisfied with the outcome of the debate. This view is shared by the others who worked with us and by such delegations as the UK, Australia and NZ, most of the Western Europeans, and our partners participating in UNEF. After the vote we were able to speak briefly to the Secretary-General, Burns and Bunche, who all expressed satisfaction. There is even a remaining hope that, in view of Sobolev's very careful and quiet statement, the USSR might eventually pay its share of the UNEF assessment.

[R.A.] MACKAY

3^e PARTIE/PART 3

FRAIS DE DÉMINAGE DU CANAL DE SUEZ
SUEZ CANAL CLEARANCE COSTS

279. DEA/50372-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET Ottawa, October 4, 1957

CLEARANCE OF THE SUEZ CANAL

On September 19 the General Committee of the United Nations approved the inscription of an item proposed by the Secretary-General on the clearance of the Suez Canal and further recommended that it be considered in plenary. The date on which the item will come up for consideration will, of course, depend upon the speed with which the preceding agenda items are disposed of, but I do not think that we should lose any time in determining what our stand is to be on the main question to be considered — the means by which the cash contributing nations are to be reimbursed. As you know, Canada contributed $1,044,045.00 (U.S.).

2. I attach memorandum [sic] on three separate but interrelated aspects of this issue, the most important of which is that setting forth in detail a proposal for the repayment of the cash advances on which a decision is now necessary. We understand the proposal has the support of 8 of the contributing nations and is acceptable to the Secretary-General. As it involves no additional disbursement of funds on the part of Canada, and provides for a phased reimbursement in full of our cash advance, you may feel that you can instruct the Delegation to support it without having to take the matter to Cabinet. You may wish, however, to discuss it with the Prime Minister who has taken considerable interest in this subject during the summer.

3. The remaining two enclosures,† on dredging and the use of the Anglo-French ships, are included in case you should wish to examine in greater detail two of the main issues which may arise in connection with the Assembly's consideration of the repayment scheme. The Delegation will of course be instructed to seek further guidance from the Department should difficulties arise on either of these issues.

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL [Ottawa], October 4, 1957

SUEZ CANAL: REPAYMENT OF ADVANCES

In a note of January 17, 1957,[47] the permanent representative of Canada to the United Nations informed the Secretary-General that the Government of Canada was prepared to advance up to $1 million in response to the Secretary-General's appeal for interim funds to meet the current costs involved in the initial work of clearing the Suez Canal. It was the understanding of the Canadian Government at that time that the funds being advanced were intended exclusively for the purpose of interim financing of canal clearance operations and that the interim advance would be repaid as soon as funds became available under a "general financing programme" to be arranged by the Secretary-General. The "general financing programme" referred to, envisaged the provision, under arrangements which had not been worked out at that time, of funds estimated variously from $30 to $40 million to finance the complete rehabilitation and operation of the canal after its first clearance had been completed. The cost of complete clearance and restoration of the waterway itself was estimated at from $20 to $30 million. The Secretary-General's immediate objective in seeking interim funds was to secure from $10 to $15 million to get the canal clearance started with the least possible delay. In response to the Secretary-General's appeal, the following amounts (in United States dollars) were provided by the countries shown:

United States of America	$5,000,000.
Canada	1,044,045.
Australia	1,000,000.
Norway	1,000,000.
Germany	1,000,000.
Sweden	772,201.
Netherlands	500,000.
Denmark	500,000.
Italy	399,525.
Liberia	4,000.
Ceylon	3,731.
TOTAL	$11,232,502.

2. The actual cost of clearance has been considerably less than expected, indeed, less than the amount of funds contributed. Accordingly, no general financing arrangements have been found necessary, the problem being simply to devise a scheme for repaying the advances. The total cost of clearance as it will appear in the Secretary-General's accounts will amount to $8.35 million. On the face of it, this would involve simply refunding the balance in the clearance fund (approximately $2.85 million) to the cash contributors and raising through appropriate means the balance then owing to the cash contributors. However, the Secretary-General's accounts include three items which may be disputed as legitimate costs:

---

[47] Voir/See Volume 22, Document 228.

(a) $250,000 for post-clearance dredging;

(b) $200,000 in reserve, because, *inter alia*, the figure for dredging costs is not yet finally determined; and,

(c) $500,000 for United Kingdom and French claims for salvage services rendered during the United Nations clearing operation.

3. Leaving aside the question of these potentially controversial items, the Secretary-General and representatives of interested governments have considered four main schemes for discharging the United Nations responsibility for the cost of canal clearance:

(a) a waiver by the cash contributors;

(b) a general assessment of the members of the United Nations;

(c) the creation of a fund through voluntary contributions; and,

(d) a surcharge on ordinary canal tolls.

The conclusion has been that the last method is open to fewer practical objections than the others and has the added advantage that over a period of time the cost of canal clearance will be distributed more equitably among those who have benefited from the canal's early clearance.

The Surcharge Scheme

4. The two difficulties which attend the adoption by the United Nations of a surcharge scheme are,

(a) on both political and legal grounds, it is regarded as impossible to make the surcharge system compulsory; and,

(b) a voluntary surcharge system will require the co-operation of a large number of states with conflicting and often emotional attitudes towards the canal.

5. The Soviet bloc's co-operation can be discounted from the start, but in addition, there is likely to be substantial opposition to any United Nations scheme that is intended to reimburse the United Kingdom and French governments for their services. These governments did furnish salvage services during the United Nations canal clearing operation, with United Nations agreement but not at the request of the Secretary-General, and they now insist, for reasons of domestic prestige, that these claims must be satisfied, if they are to lend their support to any surcharge plan. On the other hand, no surcharge plan can succeed without their co-operation since the United Kingdom alone controls shipping that accounts for 40 per cent of Suez Canal toll revenues.

6. The Secretary-General has refused to recognize that he has any authority to pay these Anglo-French claims and therefore intends to refer them to the General Assembly. In recognition of the undesirability of exciting possible criticism of the Anglo-French position, the United Kingdom and United States authorities and the Secretary-General have therefore agreed, subject, so far as the Secretary-General is concerned, to the general concurrence of the cash contributing governments, that the following method of repaying cash contributors and satisfying the Anglo-French claims should be adopted:

(1) The Secretary-General, in consultation with the British and French Governments, would evaluate the clearance work which had been performed under United Nations auspices. The Secretary-General would include the resulting figure as an item in the Suez Canal clearing cost account to be submitted as part of his report to the General Assembly, presumably at the time when the Secretary-General would request approval of such a report and would recommend that the sums advanced toward clearing the canal be repaid by means of a surcharge arrangement.

(2) The Secretary-General would make it clear that a distinction must be made between clearing work on the Suez Canal, carried out independently of the United Nations and such work done under the auspices of the United Nations, and that only items in the latter category are included in his canal clearing cost account.

(3) The British and French claims, as evaluated by the Secretary-General, would figure as a firm obligation in the clearing cost account (and could thus be more properly considered as invoices which the United Nations is obligated to pay). The actual payments, however, would be identically timed with and identically proportionate to payment to the cash contributors from the uncommitted cash balance and from the surcharge revenues. No surcharge revenues would thus be required for direct payment to the U.K. or France, though a full synchronization of their payments with the payments to the cash contributors would exist.

(4) On their part, the U.K. and France would lend their full support to the surcharge plan and would extend their best efforts to obtain the cooperation of shipping interests with such a plan.

The Secretary-General believes that there is a reasonable prospect of obtaining support for this scheme from important countries concerned such as Egypt and India.

7. Despite the shortcomings of the proposed surcharge scheme, which will in fact be voluntary (although this will be played down in public explanations of it) and which may not prove to be acceptable in its present form to a number of members of the United Nations, eight of the eleven cash contributing governments, including the United States of America, have already agreed or given an indication that they consider the scheme worth trying. The main arguments for this conclusion are that, if a means for securing repayment of advances is not found at the twelfth session of the General Assembly, there will be little prospect of doing so at subsequent sessions; and that, since the United Kingdom shipping interests will pay such a large part of the surcharge revenues, the risk of a failure of the surcharge scheme because of insufficient support in the General Assembly must be balanced against the need for United Kingdom cooperation in making the surcharge system effective.

8. It is recommended that the scheme proposed by the United States and accepted by the United Kingdom and the Secretary-General should be approved on behalf of Canada and that instructions to that effect be issued to the Canadian Delegation to the twelfth session of the General Assembly.

280. DEA/50372-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures[48]

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs[48]

SECRET. CANADIAN EYES ONLY. [Ottawa], October 18, 1957

CLEARANCE OF THE SUEZ CANAL

You will recall that you indicated that you were in general agreement with the policy proposed in the three papers attached to my memorandum of October 4 on this subject, a copy of which is attached, but that you would like instructions to the Delegation to be sent in the form of a telegram for your approval. Attached is a telegram in this sense for your signature.[49]

2. You may wish to have an explanation of the reference in paragraph three of the attached telegram stating that our first preference would have been to have the Anglo-French claims dealt with separately from the cash advances. This is based on a decision by the Prime Minister contained in a letter of August 21 to Mr. Selwyn Lloyd, which the Prime Minister signed but did not send because it was overtaken by a telegram from Canada House indicating that substantially similar points had already been put to the United Kingdom authorities. A copy of the letter† in question is attached.

3. There have been relatively few developments since my memorandum of October 4, but you may be interested to learn that the Secretary-General has now indicated that he intends to recommend a surcharge on Canal traffic amounting to five per cent on ordinary Canal tolls, which at the current level of Canal traffic, would defray the costs of Canal clearance over a period of from one-and-a-half to two years.

J. L[ÉGER]

---

281. DEA/50372-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM ME-224 Ottawa, October 21, 1957

CANADIAN EYES ONLY. SECRET. OPIMMEDIATE.

Repeat Washington, London, Paris, NATO Paris (Priority), Cairo (Deferred) (Information). By Bag Bonn, Canberra, Colombo, Copenhagen, Hague, Oslo, Rome, Stockholm.

---

[48] Note marginale :/Marginal note:
Seen by Prime Minister who concurred in attached telegram Oct 21/57 H.B. R[obinson]

[49] Note marginale :/Marginal note:
ME-224 of Oct. 21 [auteur inconnu/author unknown]

ASSEMBLY AGENDA ITEM: CLEARANCE OF THE SUEZ CANAL

1. This telegram contains instructions for the delegation on Item 64. Copies of the memoranda on which they are based will be sent to you by bag shortly.

2. The Canadian Government is prepared to accept and support the USA proposals (which it is understood are acceptable to the Secretary-General subject to the concurrence of the cash contributor governments) for securing the repayment of cash advances and the reimbursement of the Anglo-French claims. These proposals are described in general in our telegrams ME-193 of August 24† and ME-208 of September 24.† It is recognized that while these proposals are a compromise, they offer the best hope of achieving a solution, they may, however, be open to attack on one or more of the following points:

(a) the arrangements for paying the Anglo-French claims;

(b) the possibility that the surcharge system may operate inequitably against consumer countries like India with a limited capacity to absorb additional shipping charges;

(c) whether the UN has the authority to recommend a surcharge on ordinary canal tolls; and,

(d) whether the Secretary-General has properly executed his canal clearance mandate from the General Assembly.

3. *Anglo-French Claims.* It is not our desire to anticipate difficulty on this point or to suggest what course of action might appeal to the UK and French governments should difficulty arise. In general terms, however, we recognize that the risk of a failure of the surcharge scheme because of insufficient support in the General Assembly must be balanced against the need for UK cooperation in making a surcharge system effective. Therefore, we accept the need to subordinate our first preference, which would have been to have the Anglo-French claims dealt with separately from the cash advances. If the USA proposals are rejected by the Assembly because of the Anglo-French claims, any alternative proposals involving a surcharge will have to be assessed in relation to the prospects of the cooperation of shipping interests, particularly those in the UK. The delegation should of course follow closely any developments in this respect and request further guidance in the light of those developments.

4. *Possible Inequities in a Surcharge System.* Our general position with regard to the operation of a surcharge system is that it will distribute the cost of canal clearance more equitably among those who have benefitted from the canal's early clearance than any other system, because the increased cost of transit through the canal will fall exclusively on those who would have sustained loss had the canal remained closed and will moreover do so in direct proportion to the extent to which each could be assumed to benefit from the use of the canal. We think this principle is in close accord with the economic benefit that the canal confers on all those most directly interested in its continued operation. To suggest some other principle, e.g., capacity to pay, might encourage the introduction of other highly controversial principles which it would be better to avoid, e.g., that those responsible for the closing of the canal ought to bear the cost. The Secretary-General's efforts to gain support for the present principle should therefore be supported by the delegation in all appropriate ways.

5. *United Nations Authority.* The authority of the UN to recommend a surcharge on ordinary canal tolls is admittedly not supported by any legal or constitutional argument of which we are aware. This would be true even if the authority of the UN to incur a financial obligation for the clearance of the canal had clearly been given. The fact that the system proposed by the USA will be voluntary and will depend in practice on arrangements to be made outside the UN is in part dependent on this consideration. In fact it is only by impli-

cation that the UN as such ever incurred any obligation for assuming the costs of canal clearance and it could therefore be argued that it has no authority now to recommend a surcharge or any other system of reimbursing the cash contributors. On the other hand the implied obligation on the part of the UN is a strong one, for the General Assembly specifically authorized the Secretary-General, in its Resolution 1121 (XI) of November 24, 1956, to proceed with measures for canal clearance that inevitably would involve the expenditure of funds. If called upon, therefore, the delegation could lend its support to the argument that the General Assembly has a duty to take any action it sees fit to discharge a debt incurred as a necessary consequence of its own resolution. The method of recovery open to the General Assembly is not of course limited to a voluntary surcharge system. A general assessment of member states, a means for which the Australian government may have some lingering affection, or a recommendation for voluntary contributions, would constitute other methods by which the debt could be discharged, but neither of these seem likely to gain wide support in the General Assembly for practical reasons. For the reasons given in paragraph 4 of this telegram, the delegation should support the acceptance of a surcharge system. Since the whole question of the UN authority for incurring and discharging the financial obligation is a matter peculiarly within the Secretary-General's responsibility, the delegation ought to consult with him about how any Canadian statements or interventions might best be made.

6. *Extent of Secretary-General's Clearance Mandate.* The only question that we may have to consider under this heading relates to the arrangements, still under negotiation with Egypt, for paying for a limited amount of dredging. The extent of the Secretary-General's authority to commit UN canal clearance funds to post-clearance dredging may not arise, though there is no confirmation that the Australian delegation may not raise this issue with a view, not to questioning the Secretary-General's position, but to demonstrating Egypt's bad faith in attempting to extend the UN's responsibility beyond the canal clearance operation proper. The delegation should use its good offices to head off any debate over this issue on the grounds that the Secretary-General has not in fact exceeded his authority, reasonably construed, and that no useful purpose would be achieved by raising the question.

7. *General.* The success or failure of the present proposals can be expected to depend to a great extent on the manner in which they are presented and discussed in the General Assembly, and in this process, the Secretary-General will inevitably play the central role. It will therefore be of first importance for the delegation, in any activities in connection with this item, to co-ordinate their plans with the Secretary-General. They should also render him full support in the activities he may find necessary in pursuit of the two over-riding objectives of obtaining repayment of the advances and of demonstrating the capacity of the UN to undertake and discharge financial responsibilities of the type that was necessary for the canal clearing operation and that may become necessary again. The importance of full cooperation in this effort by all concerned is underlined by the expectation that if a system of repayment is not arranged at the present session, there will be little prospect of future reimbursement under the auspices of the General Assembly.

8. The delegation should also be aware that, if the present proposals should be rejected by a significant group in the Assembly, it will be difficult to devise and promote an equally effective alternative plan. Accordingly the delegation should be prepared to report urgently any signs of a breakdown in the present plan together with recommendations for an alternative procedure. It should be borne in mind that any such alternative that might affect the Canadian right to be fully reimbursed would of course involve the submission of a full report to the government.

282. DEA/50372-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 14, 1957

CLEARANCE OF THE SUEZ CANAL

The Secretary-General's report on the clearance of the Suez Canal has now been made public.[50] The final report differs on three points of substance from the draft on which the comments contained in my memorandum of October 18, 1957, were based:

(1) It had been our understanding that the Secretary-General of the United Nations, in submitting the question of canal clearance costs to the General Assembly, intended to recommend a surcharge on canal traffic amounting to *five* per cent on ordinary canal tolls which would, at current levels of traffic, defray the cost of canal clearance over a period of from one and a half to two years. The final report recommends a surcharge of only *three* per cent and estimates that the up to three years would be required in order to recover the cost of clearance. Although we have no official explanation of the change, we assume that it is intended to make a surcharge scheme more palatable to the countries like India where consumers could be expected ultimately to absorb at least a part of the surcharge.

(2) The Secretary-General's report suggests, perhaps for similar reasons, that the amount to be collected through a surcharge might be less than the actual cost of clearance. The Secretary-General does not specify how this result might come about but he may perhaps have in mind a suggestion which has been made by the Indian authorities in New York that the United States might make a voluntary contribution towards the cost of canal clearance, perhaps by waiving its right to be reimbursed for some part of its original cash contribution.

(3) A third point of interest in the Secretary-General's report concerns the arrangements which will be necessary to put a surcharge scheme into operation. In the advance copy of the report sent to us by our Delegation in New York, the Secretary-General had stated simply that the procedures to govern surcharge payment would be negotiated with the Egyptian Government. In the report as issued, the Secretary-General states that these procedures would be negotiated with the Egyptian Government and with "the other parties to the payments." Again we have no official explanation for the change but we assume that it recognizes the voluntary nature of the surcharge system and the fact that in the absence of any effective compulsion, by the United Nations or otherwise, the success of the surcharge system will depend on the co-operation of countries with substantial shipping interests.

I assume that these changes will not require any alteration in the instructions already sent to the Delegation to lend their support to the Secretary-General's proposals. The only point of particular concern to Canada, of course, is that if the revised formula is approved it will take three years, instead of one and a half to two years, for our $1 million (Canadian) contribution to be fully recovered.

---

[50] Voir Nations Unies, Documents officiels de l'Assemblée générale, douzième session, les annexes, document A/3719 daté du premier novembre 1957.

See United Nations, *Official Records of the General Assembly, Twelfth Session, Annexes*, Document A/3719, November 1, 1957.

J. L[ÉGER]

---

283. DEA/50372-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 2620 New York, November 28, 1957

SECRET. CANADIAN EYES ONLY. PRIORITY.

Repeat Washington (Priority), London, Paris, NATO Paris, Cairo from Ottawa (Information).
By Bag Beirut, Tel Aviv, Delhi from London.

SUEZ CANAL

Because of our preoccupation with other matters we have not reported for some time on the discussions which have been continuing behind the scenes concerning the Assembly item on the Suez Canal. You will recall that the Assembly agreed to consider in plenary the Secretary-General's report on the clearance of the canal. The present indications are that the item will not be raised before December 9 but it is not expected to take much time or to raise any great controversy.

2. The USA delegation has been discussing in the strictest confidence with the Norwegians and the Secretary-General a draft resolution, the text of which has been shown to us. The operative paragraphs read as follows:

"(a) Decides that the most feasible and equitable system for repaying the advances is for all shipping using the canal to pay a surcharge equivalent to 3 percent of the tolls payable for passage through the canal until such time as an amount adequate for repayment of the advances has been received,

(b) Authorizes the Secretary-General to take the necessary steps to implement this decision by arranging for the collection of the surcharge referred to in the preceding paragraph and for the repayment of the advances made to the UN for the purpose of clearing the canal,

(c) Urges member governments to cooperate fully with the Secretary-General in order to enable him successfully to carry out his responsibilities under this resolution."

The Norwegians suggested that the words "and trade", should be inserted in the first operative paragraph immediately after "all shipping".

3. Questions have arisen concerning the sponsorship of a draft resolution along these lines. USA and Norwegian officials here have assumed that those governments which made cash advances to the UN for the purpose of financing the canal clearance would not consider it appropriate for them to co-sponsor a draft resolution which had for its main purpose the collection of funds, to be used for the repayment of the cash advances. As well, it might be awkward for countries like Australia, NZ, UK, France, India and Pakistan, who would be affected by the surcharge, to serve in that capacity. Countries with large shipping interests like Liberia and Panama might also be excluded. Some thought has been

given to asking a few countries, including perhaps Ireland, Japan and one or two Latins, to co-sponsor the resolution.

4. USA, Norwegian and Secretariat officials have been considering alternative methods for attaining the objectives contained in the operative paragraphs of the draft resolution. They have wondered, for example, whether the draft resolution could be introduced by the President of the Assembly and perhaps adopted without objection after a brief debate. In view of the hostility among some members toward the President, that procedure involves risks. The officials concerned are coming around to the view that the best procedure might be for the Secretary-General to issue an addendum to his report which would contain recommendations along the lines of the operative paragraphs mentioned in paragraph 2. Then the resolution in the Assembly could be simply a decision approving the report with its recommendations and the problems of sponsorship need not be acute, since one delegation could easily introduce the simplified text. This may well be the procedure adopted. We shall keep in close touch with those directly concerned.

---

284. DEA/50372-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 2661 New York, December 2, 1957

SECRET. CANADIAN EYES ONLY. PRIORITY.
Repeat London, Washington, Paris, NATO Paris (Information).

SUEZ CANAL

The problem of dealing with the Secretary-General's report on the clearance of the Suez Canal has been discussed further by the Norwegians and the Secretariat. The draft resolution has been revised to read as follows: "The General Assembly, recalling its Resolution 1121 (XI) regarding arrangements for clearing the Suez Canal,

Recalling further that the Secretary-General, pursuant to that resolution, requested and received from various governments as advances funds necessary to proceed with the clearing operation,

Having received the report of the Secretary-General dated November 17, 1957 (A/3719),[51]

Mindful that the clearing of the canal is of direct and immediate benefit to all shipping and trade using the canal,

Expressing its appreciation of the prompt and efficient manner in which the clearance operation was organized and completed;

Expressing its satisfaction that the Suez Canal is again serving world trade and international shipping,

---

[51] Un auteur inconnu a écrit des notes en marge qui modifient le texte de la résolution finale. Ces modifications sont énumérées dans le prochain document.

An unknown author wrote marginal notes altering the text of the draft resolution. These alterations are enumerated in the next document.

1. Notes the expenses and obligations that have been incurred by the UN in the clearing of the canal;

2. Endorses the recommendation of the Secretary-General that, subject to reduction by such resources as might become otherwise available, reimbursement of the advances made by contributor countries to meet the costs of the operations be effected by the application of a surcharge on canal traffic; and that, under this arrangement, a surcharge of three percent on canal traffic would be paid by all shipping and trade using the canal into a special UN account, the procedure to govern such payments to be negotiated with the Egyptian Government and with the other parties to the payment;

3. Authorizes the Secretary-General to take the necessary steps to put this arrangement into effect;

4. Urges member governments to cooperate fully with the Secretary-General under this resolution in order that advances made to the UN for the purpose of clearing the Suez Canal may be repaid."

2. The present plan is to meet the problem of co-sponsorship by having the text co-sponsored by three former presidents of the General Assembly, namely Aranha of Brazil, Entezam of Iran and Prince Wan of Thailand. This suggestion, which probably originated with the Secretary-General, seems to us a good one, for the clearance of the Suez Canal was not only a remarkable UN operation but arrangements for its financing were something out of the ordinary. It is entirely appropriate, therefore, that proposals for meeting this extraordinary UN debt should be submitted to the Assembly by former presidents, and, of course, the problem of choosing co-sponsors would be solved.

3. We and the Norwegians will be discussing the draft with the USA Delegation probably tomorrow. USA officials may have some reservations about the phrase "subject to reduction by such resources as might become otherwise available" in the first operative paragraph. This phrase has been taken from the final paragraph of the Secretary-General's report and was included there, you will remember, to placate the Indians. We suspect that the Secretariat, in drafting this paragraph, have not consulted the USA Delegation and are relying on the Norwegians and ourselves to win USA support for it.

4. If the USA Delegation finds the text acceptable, they will no doubt join with the Norwegians and us in selling it to others, like the Egyptians, Indians and Latin Americans. This was the pattern of our operations behind the scenes in preparation for the debate on the financing of UNEF. We should, however, find it less difficult to gain support for the canal clearance resolution, since the main financial burden will fall on the shipping and trade using the canal, rather than on member governments of the UN.

---

285. DEA/50372-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Delegation to United Nations General Assembly

TELEGRAM ME-264 Ottawa, December 3, 1957

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Your Tel 2661 of Dec 2/57.
Repeat London, Washington, Delhi, Paris, NATO Paris (Priority) (Information).

By Bag Cairo, Bonn, Canberra, Colombo, Copenhagen, Hague, Oslo, Rome, Stockholm.

SUEZ CANAL CLEARANCE

In general we welcome the developments reported in your telegram but we have the following comments.

2. *Sponsorship.* We were in some doubt about whether we ought to accept the assumption of the USA and Norwegian officials reported in your 2620 of November 28, that it would not be appropriate for the governments which made cash advances to co-sponsor a draft resolution of which they would be the beneficiaries. The suggestion in your present telegram avoids in a satisfactory manner this issue and the other problems of finding co-sponsors mentioned in your 2620. We should be grateful to know when final arrangements have been made for sponsorship by the three former presidents of the Assembly.

3. *Text of Draft Resolution.* The following are our comments on the draft resolution contained in your telegram under reference:

(a) We note that the present draft omits one element contained in the draft resolution of your telegram 2620: that authorizing the Secretary-General to arrange for the repayment of the advances. We assume that the Secretary-General considers that such authority is implicit and if so we are agreeable to accepting his view;

(b) The draft as noted in paragraph 3 of your telegram under reference implies that there may be voluntary contributions, e.g. possibly from the USA, which would reduce the total amount to be collected through a surcharge and that the Secretariat may be relying on the Norwegians and ourselves to win USA support for it. As you will have gathered from our ME-234 of October 26,† we would be reluctant to campaign for this particular aspect of the present draft with the USA or anyone else. Indeed we would prefer to see the clause in question deleted since it could tend to invite pressure on the USA and perhaps even on ourselves to waive reimbursement in full. As you know, under our present ministerial authority, we can support only proposals that are directed towards full reimbursement. The draft resolution as it stands does not directly prejudice our right to be reimbursed in full but, if the clause in question is retained, it might indirectly have that effect. Perhaps this could be made clear to the Secretariat but of course if the clause is acceptable to the USA and to the majority of other cash contributors, we would not wish you to exert pressure to have it deleted unless and until we had had an opportunity to consult ministers;

(c) It appears to us that the ante-penultimate and last preambular paragraphs of the draft appear to repeat the same thought, namely, to impress the canal users with the benefits they have derived from early clearance. As the retention of both is unnecessary we would prefer to retain only the ante-penultimate paragraph because the last paragraph suffers from the disadvantage that it refers to the availability of the canal to "world trade and international shipping" and this might engender adverse comment by the Israeli delegation or others;

(d) The second operative paragraph should perhaps be amended to read as follows: "The procedure to *effect* such payments to be negotiated with the Egyptian government and with the other parties to the *arrangements*;". The first underlined word in this amendment, substituted for the word "govern", is suggested to avoid any implication that the Egyptian government would have some legal authority to exact payment, as our understanding is that no such authority is contemplated for the Egyptian government for both legal and practical reasons. The second underlined word, substituted for "payments" in the original, is intended to convey that, while the Egyptian government will inevitably be a party to the arrangements, it will not necessarily be a party to the payments.

286. DEA/50372-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 2808 New York, December 16, 1957

CONFIDENTIAL. PRIORITY.
Reference: Our Tel 2751 Dec 10.†
Repeat Washington (Priority), London, Paris, NATO Paris (Information).
By Bag Cairo Deferred from Ottawa, Beirut, Tel Aviv from London.

SUEZ CANAL CLEARANCE

The draft resolution on canal clearance was considered by the Assembly as the first item in plenary session on December 14. After a few short statements the draft was adopted by a show of hands, 54 in favour and none against with 19 abstentions. A few delegations were absent, as is usually the case during the first hour of Assembly proceedings.

2. Because of preoccupation with the items on Algeria and Cyprus, the Canadian delegation, like others, was not able to give the same attention to the canal item as was given to the proceedings concerning the UNEF report. Fortunately the canal question was not complicated and it was not too difficult to organize support for the draft resolution. Early last week there was some doubt whether it would be supported by Liberia and Panama, whose support was considered desirable. As a result of representations mainly by the USA, those two user countries were persuaded to cooperate. It became known as well that the USSR bloc would not oppose the draft resolution but abstain. Other countries abstaining included Burma, Cambodia, Ceylon, Egypt, Ethiopia, Iraq, Israel, Jordan, Malaya and Saudi Arabia.

3. You will be interested to know that India, which intended to abstain, decided in response to USA persuasion to vote in favour of the draft resolution. Indonesia, Lebanon and Pakistan also supported it. The Netherlands delegation had instructions to abstain but they were persuaded to vote in favour. The day before the Assembly meeting the Israeli delegation had expressed a reservation about the draft resolution and suggested that they might be obliged to speak against it. However, like the representatives of the UK and France, Eban made a brief explanation of vote after the resolution had been adopted. The Australians spoke before the vote but their statement was moderate. The only Egyptian intervention was a very brief expression of gratitude for the assistance which the UN had given in the clearing of the canal.

4. Concerning your suggestions for revision (your telegram ME-264 December 3), by the time they were received the draft resolution had already been submitted to and approved by the delegations of the USA and Egypt. In these circumstances, although we discussed your suggestions with some officials, we considered it undesirable to press for any revision of the text, which seemed to be generally acceptable. We doubt whether a substantial change in the vote would have resulted from any revision of the text.

287. DEA/50372-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 9, 1958

SUEZ CANAL SURCHARGE

There is a disturbing tendency on the part of the governments of some of the main shipping countries, in particular the United Kingdom, to delay the implementation of the Suez Canal surcharge scheme adopted by the General Assembly on December 14, 1957. As you know, we have considerable interest in the success of this scheme on which depends the repayment of some $750,000 still outstanding from our $1 million advance to the United Nations voluntary Suez Canal clearance fund.

2. The Secretary-General, with the assistance of Sir Humphrey Trevelyan of the United Nations Secretariat, has drawn up in the last few months a detailed plan for implementation of the scheme. As the plan now stands, the Banque Belge would act as agent of the United Nations for collection purposes. Trevelyan has discussed with the governments of the main shipping countries a draft agreement with the Banque and a draft bulletin designed to promulgate the scheme. The present differences arise, not over the draft documents as such, but over the timing of their release. In the opinion of the State Department, which we share, any further delay in the promulgation of the surcharge plan would decrease its chances of success by allowing pressures from shipping interests to undermine the commitment given by governments under the United Nations Resolution. The United States Mission in New York has accordingly pressed the Secretary-General, through Trevelyan, to issue the bulletin and agreement as soon as possible. The Americans have made known their views in London, in the hope that the United Kingdom would take a similar initiative. After consulting the Canadian Departments and Agencies concerned, we let the Foreign Office know that the United States tactic appealed to us.

3. The Foreign Office has taken the position however, that the implementation of the surcharge scheme should be delayed until the United Kingdom Government, (as well as the governments of the main shipping countries), has devised means of securing the cooperation of its shipping interests, whose position is that they are prepared to pay the surcharge only on condition that the United Kingdom Government agrees to reimburse them. This position was upheld by shipping interests of other countries at a recent meeting of the International Chamber of Shipping. While we recognize and sympathize with the internal difficulties with which the United Kingdom and other governments are confronted vis-à-vis their shipping interests, these difficulties cannot, in our view, affect the prior commitment given under the General Assembly Resolution. In view precisely of the pressures now being exercised on various government by their shipping interests and of the considerable time already elapsed since the United Nations Resolution was passed, it becomes imperative that the Secretary-General's plan for surcharge collection be promulgated in the near future. There will no doubt be a suitable interval between the issuance of the bulletin and the date on which surcharge collection will effectively begin. Governments would thus be given a reasonable period in which to formulate acceptable arrangements with their shipping interests. At the same time, the promulgation of the plan would establish firmly the principle of the surcharge and fix a deadline for its

implementation. It is our opinion that if the scheme is not in operation by the time of the 13th Session of the General Assembly, the authority of the United Nations will have been flouted and governments will probably renege on their previous undertakings. Pressures on the eleven governments which contributed to the fund to waive recovery would almost certainly develop as a consequence.

4. I attach for your signature, if you agree,[52] a telegram to London requesting our Mission to bring these considerations to the attention of the Foreign Office.

J. L[ÉGER]

---

288. DEA/50372-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM ME-99 Ottawa, May 9, 1958

CONFIDENTIAL. PRIORITY.
Reference: London's Tel 911 of May 6.†
Repeat Permis New York, Paris, NATO Paris, Washington (Routine) (Information).
By Bag Oslo, Cairo, Bonn, Canberra, Colombo, Copenhagen, Rome, Stockholm, Delhi, Tokyo.

SUEZ CANAL SURCHARGE

The bulk of the British comments reported in the telegram under reference appears irrelevant to the central issue, which is whether governments are going to live up to their undertaking to support the surcharge scheme. It has consistently been our position that the specific means adopted by governments to ensure payment of the surcharge to the internationally agreed agency was a matter of purely domestic concern. While we recognize and sympathize with the internal difficulties with which the UK and other governments are confronted vis-à-vis their shipping interests, the formula which the individual governments may ultimately adopt (e.g., legislation, reimbursements, tax exemptions, etc.) or the time it may take to devise an internally acceptable arrangement cannot, in our view, affect the prior commitment given under the General Assembly Resolution of December 14.

2. The "fundamental question" to be settled is not that of reimbursement of a surcharge to shipowners, as stated in paragraph 3 of your telegram under reference, but that of facing up to the fact that the surcharge scheme, as the Foreign Office has recognized, is "the only feasible solution in the circumstances" (paragraph 2 of same telegram). In the period preceding the passage of the United Nations Resolution, it became clear that alternatives such as a special assessment of the United Nations membership were non-starters. We know that the USA are not willing to consider a waiver of their right to recover their advance to the voluntary UN clearance fund and we have no reason to believe that the Canadian or other contributing governments feel differently. The surcharge scheme therefore remains to the best of our knowledge the only possible solution and we can see no justification for

---

[52] Note marginale :/Marginal note:
OK I concur in the telegram SE S[mith]

delaying its promulgation until a wide variety of domestic difficulties are resolved by the main user governments. In our opinion, further delays would only strengthen domestic pressures against the scheme and decrease its chances of success. On the other hand, early issuance of the bulletin would arrest this tendency and fix a deadline for its implementation, while no doubt leaving governments a reasonable lapse of time in which to ensure the cooperation of their shipping interests.

3. We should be grateful if you would bring these considerations to the attention of the Foreign Office.

4. For Permis: Please let us know whether the Egyptians have agreed to play their part in the arrangements now contemplated for surcharge collection.

---

289. DEA/50372-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1012 London, May 16, 1958

CONFIDENTIAL. PRIORITY.

Reference: Your Tel ME-99 May 13 and our Tel 984 May 14.†

Repeat Washington, Permis New York, Paris, NATO Paris (Information).

By Bag Cairo, Tel Aviv, Beirut, Oslo, Stockholm, Copenhagen, Delhi, Karachi from London.

SUEZ CANAL SURCHARGE

1. On receipt of your reference telegram yesterday, we called on Colin Crowe of the FO and conveyed to him your views concerning the implementation of the surcharge scheme. We explained, of course, that your telegram had been sent before you had received the information which he had given us concerning the decision taken by the UK Government to reimburse UK shipowners for the surcharge providing other governments took the necessary steps to ensure that their own shipowners were enabled to cooperate in the surcharge scheme.

2. Crowe conceded the validity of the points we made. He added the general comment that while it had been evident that the UK Government would in the last analysis have to agree to reimburse UK shipowners for the surcharge if this was the only way they could be persuaded to pay it, the decision had nonetheless been a difficult one and one which understandably the government did not wish to take until it felt it really had to.

3. Crowe explained that the only reason the UK Government had made its decision on reimbursement subject to other governments taking steps to ensure that their own shipowners would be able to cooperate in the surcharge scheme, was that the UK Government wished to avoid an open-ended commitment which might result in a situation in which, through the failure of other shipowners to cooperate in the surcharge scheme, the UK Government would in fact not only be paying the surcharge for a very much longer period than was at first envisaged but would also be paying a very much higher percentage of the total cost of clearing the canal than was envisaged when the surcharge scheme was agreed on in the UN. As it was, the FO estimated that of the total collected by means of the

surcharge between twenty and forty percent (depending on how a "UK ship" was defined) would be paid by the UK Government.

4. When we asked what interpretation they were proposing to give to the UK Government's reservation, Crowe said that while no precise figure had been decided on, the UK view was not that reimbursement should take place only if the surcharge were paid by the ships of all other countries without exception. They would, however, consider it necessary for it to be paid by the ships of the major Maritime countries.

5. Crowe said the FO were proposing to send a message to all the governments whose shipowners were represented at the recent International Chamber of Shipping meeting to inform them that, in view of the importance attached by the UK Government to the surcharge scheme, the UK Government would, if necessary, be prepared to reimburse UK shipowners for the surcharge. The note would express the hope that the government in question would take the necessary steps to ensure that its own shipping would be able to cooperate in the surcharge scheme.

6. The UK were also proposing to inform Hamarskjöld of the UK Government's decision on reimbursement and to request him to do his best to encourage other governments to take steps to ensure that their shipping would also cooperate in the surcharge scheme. In addition the UK would tell the Secretary-General that the UK would have no objection to his promulgating the UN bulletin on the surcharge. Crowe added that they had no objection to the bulletin being promulgated in the near future on condition that it provided sufficient time to elapse before bringing the scheme into force to enable governments and shipowners to work out the required administrative procedures for collecting the surcharge.

7. Crowe agreed with your view that the method used by a government to ensure that its shipping cooperated with the surcharge scheme was essentially a matter of domestic concern. While this was therefore something to be sorted out by their Ministry of Transport, the problems involved in working out procedures and definitions for the payment and reimbursement of the surcharge were very formidable indeed. There was for example the question of defining what constituted a "UK ship" for purposes of reimbursement. In the case of chartered ships canal dues (and hence the surcharge) were payable either by the owner of a ship or by the company which chartered it depending on whether the ship was on a time charter or a voyage charter. In addition there was the question of determining whether ships flying flags of convenience but belonging to companies with registered offices in the UK should be considered to be UK ships for the purposes of reimbursement of the surcharge.

290. DEA/50372-40

Le sous-secrétaire d'État aux Affaires extérieures
au sous-ministre des Finances

Under-Secretary of State for External Affairs
to Deputy Minister of Finance

[Ottawa], September 10, 1958

SUEZ CANAL SURCHARGE

On August 1, the United Nations Secretary-General published the detailed arrangements formulated by the Secretariat for the collection of U.N. Suez Canal surcharge[53] and announced that the scheme would come into effect on September 15, 1958. This is a welcome development from the Canadian point of view, since the recovery of the outstanding three-fourths of our $1 million advance to the United Nations Suez Canal clearance fund depends on the success of the scheme. However, the impending implementation of the scheme raises the difficult question of our position vis-à-vis Canadian shipowners and charterers.

2. Our support of the United Nations Resolution on surcharge last year was based on our conviction that this plan was the only workable one and on our hope that world shipping interests would be willing to bear the burden of the surcharge or pass it on through a small increase in freight rates. In April 1958, however, the International Chamber of Shipping, of which the Canadian Shipowners Association is a constituent member, resolved unanimously, possibly because of a world surplus of shipping which would make an increase in freight rates unattractive, that it would support payment of the surcharge only on condition that the payments should be fully reimbursed by their respective governments to those who make them. This attitude of the shipping interests led the United Kingdom and the United States Governments, amongst others, to accept the principle of reimbursement as the only means of ensuring payment of the surcharge by their shippers and charterers. Both governments have let us know that they would welcome a similar Canadian decision. We have evaded a direct answer by indicating informally that the problem scarcely arises for the Canadian Government because of the negligible use made of the Canal by Canadian shipping.

3. The Canadian Shipowners Association has expressed its support for the attitude taken by the International Chamber of Shipping. The Canadian Maritime Commission, which has been approached by the Shipowners Association, is of the opinion that, failing some assurance that the government will reimburse, it is doubtful whether Canadian shipowners or charterers will be willing to pay the surcharge on demand. There seems to be little hope that the Association would be prepared to reconsider its stand. In the circumstances, we are faced with a difficult alternative. Should the Canadian Government refuse to reimburse, the surcharge scheme would not necessarily be jeopardized since the United Kingdom and United States' decision to reimburse is conditional, not on absolute totality of payment of the surcharge, but on payment by the shipping of major maritime countries (of which

---

[53] Voir Nations Unies, Assemblée générale, *Documents officiels de l'Assemblée générale, treizième session*, le document A/3862, daté du premier août 1958.

See United Nations, General Assembly, *Official Records of the General Assembly, Thirteenth Session*, Document A/3862, August 1, 1958.

Canada can hardly be called one). It would not be unjustifiable in the circumstances for the Canadian Government to insist that it has already done more than its share financially towards resolving the Canal clearance issue, and to reject all responsibility for the actions of the Canadian shippers and charterers with respect to the payment of the surcharge. Against this, it must be admitted that, if Canadian shipping interests refuse to pay the surcharge in the circumstances, the unwillingness of the Canadian Government to reimburse might arouse a certain resentment amongst our friends. Considerable pressure might be put on us by the United Kingdom and United States Governments, both of which have reserved their right to review from time to time their commitment to reimburse and could conceivably threaten to withdraw their support for the surcharge scheme.

4. In favour of reimbursement by the Government, it might be argued that the sums involved will be small in relation to the remaining three-quarter million dollars which the U.N. in due course will refund to Canada if the surcharge scheme is successful; and that, by our support for the United Nations Resolution, and by having urged its acceptance on others, we are automatically committed to ensure the cooperation of Canadian shipping in the scheme. On the other hand, it seems paradoxical that the Canadian Government should be called upon to make further disbursements when it has already made a $1 million interest-free loan to the United Nations for Suez Canal clearance. Furthermore, although very few Canadian flag ships have used the Canal in the past, we are not in a position to forecast how many Canadian chartered ships might use the route, nor consequently can we assess the magnitude of the commitment which the Government would be undertaking.

5. It occurs to us that there might be a way for the Canadian Government to reimburse Canadian shipping interests without incurring any additional financial liability. As you know, the "$1 million" which was advanced by the Government to the United Nations Suez Clearance voluntary fund was paid out in Canadian dollars, with the stipulation that reimbursement be also in Canadian dollars. Our advance yielded the U.N. $1,044,045 U.S. Since this loan was made, the exchange value of the Canadian dollar has sharply decreased. When the United Nations, a few months ago, refunded roughly a quarter of our advance, it was making a not inconsiderable gain of some $6,000 U.S., owing to this fluctuation in the rate of exchange. It can be expected that a further exchange windfall will accrue to the U.N. when the remainder of our advance is repaid a few years hence. Since we are the only country in this position, (having been the only ones to require repayment in national currency) we might bring these facts to the attention of the United Nations Secretariat and let it be known that Canada would be willing to reimburse its shipowners for payment of the surcharge on condition that the funds thus paid would be drawn from the sums which have accrued to the United Nations as a result of the change in the rate of exchange. Our preliminary assessment is that these sums would be quite adequate to cover any amount likely to be paid for surcharge by Canadian shipping interests.

6. It is, however, with considerable diffidence that we put forward the above suggestion, as we recognize that it might be regarded in U.N. circles as contrary to normal international practice in such matters and might in addition set an undesirable precedent for occasions when the exchange rate will move to our disadvantage. On balance, therefore, you might consider it advisable to avoid any of the alternatives discussed above in favour of a compromise whereby we would simply notify the Canadian Shipowners Association that, inasmuch as they are unable to give the Canadian Government a precise indication of the extent of the commitment which would be involved in an undertaking to repay, no commitment can be given; but that, if the shipowners are prepared to pay the surcharge, obtain the appropriate receipts and remit them to the Government, together with the relevant charter parties, the Canadian Government would be prepared, at the end of the surcharge

period, sympathetically to reexamine the question of reimbursement for payment of the surcharge. We are enclosing a copy of a letter to this Department dated June 9th, 1958,† from the Canadian Shipowners Association concerning the Association's position in this matter. This letter was more in the nature of a notification than of a request for a commitment on the part of the Government and, in fact, no reply was sent to it since it did not seem to call for any. However, the Canadian Maritime Commission informs us that the shipowners are still pressing this matter with them and, as the surcharge scheme will shortly come into operation, we would be grateful for your opinion as to whether it would be desirable at this stage to make a recommendation to Cabinet regarding this question.

7. In brief, a decision must be taken whether the Government should: (a) disclaim all responsibility for payment of the surcharge, on the grounds that it has done enough; (b) accept responsibility, with or without pursuing the idea of recovering, through the U.N.'s exchange windfalls, the surcharge reimbursed; or (c) temporize, offering to Canadian shipping interests to reexamine the question of reimbursement at the end of the surcharge period. Before submitting this matter to the Minister, we should be grateful for your comments on these possible courses of action. You may also wish to comment on the procedure which might be followed in case of reimbursement, as outlined in a letter of August 21st from the Canadian Maritime Commission, a copy of which is attached.†

ROSS CAMPBELL
for Under-Secretary of State
for External Affairs

---

291. DEA/50372-40

Le sous-ministre des Finances
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Finance
to Under-Secretary of State for External Affairs

Ottawa, October 17, 1958

Dear Sir:

I have your letter of September 10th concerning Suez Canal Surcharges. You ask for my views as to the policy which the Canadian Government should adopt on the question of reimbursing Canadian shipowners or charterers who are called upon to pay these surcharges.

As I understand it, the United Nations surcharge arrangement is the only one which offers a practical means of reimbursing those countries which contributed to the Suez Canal clearance fund. Canada, as a major contributor to this fund, will receive some three-quarters of a million dollars in repayment if the surcharge arrangements are successfully carried through. On the assumption that the surcharge burden would be borne by the shipping interests, Canada supported the United Nations resolution on surcharges which was approved last year. Since that time, however, the International Chamber of Shipping, which includes the Canadian Shipowners Association, has decided to refuse to support the plan unless governments agree to fully reimburse those shippers making the surcharge payments. The United Kingdom and the United States Governments have already given such assurances to their shipping interests but their decision is conditional upon the pursuit of similar policies by the major Maritime countries. While Canada is not a major Maritime country and is a very seldom user of the Suez Canal, the United Kingdom and the United States Governments have indicated that they would welcome a Canadian decision along the same lines.

In these circumstances and in view of the substantial sum which will be returned to Canada if the Surcharge scheme is successfully carried out it would clearly seem to be in Canada's interest to do what we can to contribute to its success. This is particularly true when we consider that Canadian shipping interests have seldom made use of the Suez Canal and that the cost to the Government if we adopt the policy now being followed by the United Kingdom and the United States Governments is likely to be quite small. On the assumption that this latter statement is correct — which we would like you to confirm — I would see no great difficulty in going ahead with a recommendation that the Government assure Canadian shippers and charterers that they will be reimbursed for any surcharge payments they make.

Concerning the suggestion put forward in paragraph 5 of your letter, I would say that I do not think it would be desirable for the Canadian Government to press the United Nations to meet these reimbursement costs out of any premium derived as a result of a favourable movement in the rate of exchange since provision of the Canadian advance. As you know, it is customary for the United Nations to carry out its financial transactions in terms of United States dollars and it would have been open to Canada to make its advance to the Canal clearance fund in that currency. However, in view of the special nature of the advance and our desire to avoid any exchange loss at the time of repayment, we insisted that the United Nations guarantee repayment in Canadian dollars and it is most unlikely that we would have been willing to alter this position had the rate of exchange moved adversely for the United Nations. Any ex post facto attempt to depart from this position might be interpreted as an effort to take undue advantage of a fortuitous windfall. Furthermore under the Canadian Financial Administration Act, any amount refunded by the United Nations to the Canadian Government must be deposited in the Consolidated Revenue Fund and revoted by Parliament if expenditures are to be made which were not envisaged and provided for in the original vote.

Finally I would say that in the event that a recommendation to reimburse Canadian shipowners and charterers for surcharges paid is approved by the Government, it would be necessary to establish the procedure under which Canadian shipping interests would forward evidence of payment of the surcharge to Ottawa. In this connection, the procedure suggested by the Canadian Maritime Commission would seem satisfactory. At the end of the surcharge period, or perhaps at the end of each year during which the plan is in operation, these claims would be totalled and the Government would have to make provision for an estimate for payment of these amounts.

Yours very truly,
K.W. TAYLOR

292. DEA/50372-40

Le sous-secrétaire d'État aux Affaires extérieures
au Président, Commission maritime canadienne

Under-Secretary of State for External Affairs
to Chairman, Canadian Maritime Commission

RESTRICTED Ottawa, October 30, 1958

Dear Sir:

I attach a copy of a letter of October 17 from the Deputy Minister of the Department of Finance concerning the policy to be adopted by the Canadian Government on the question of reimbursing Canadian shipowners and characters for payment of the U.N. Suez Canal surcharge.

In view of the substantial sum which will be refunded to Canada if the surcharge scheme is successful, the Department of Finance is of the opinion that we should do what we can to ensure that it is carried out, and sees "no great difficulty in going ahead with a recommendation that the Government assure Canadian shipowners and charterers that they will be reimbursed for any surcharge payment they make."[54] This view rests on the assumption, which the Department of Finance would like confirmed, that the cost to the Government of such reimbursement is likely to be quite small. Subject to the same reservation, this Department agrees with the opinion of the Finance Department.

We are aware, from previous correspondence with you, of the difficulty of assessing with any accuracy the number of ships owned or chartered by Canadians which may use the Suez Canal within the period of three years or so over which the surcharge is to be levied. Nevertheless, we should be grateful if you would provide us and the Department of Finance with whatever approximation is possible at this time of the size of the commitment which would be involved for the Canadian Government in an undertaking to reimburse.

There have been recent indications from New York that the whole surcharge scheme may be heading into renewed difficulties as a result of a reported decision of three additional countries, including Greece, to refuse to cooperate. A timely announcement by Canada in support of the scheme might be of some value.

Yours sincerely,
ROSS CAMPBELL
for Under-Secretary of State
for External Affairs

---

[54] Note marginale :/Marginal note:
Agreed [auteur inconnu/author unknown]

293. DEA/50372-40

Le président de la Commission maritime canadienne
au sous-secrétaire d'État aux Affaires extérieures

Chairman, Canadian Maritime Commission,
to Under-Secretary of State for External Affairs

RESTRICTED Ottawa, November 5, 1958

Dear Sir:

I refer to your letter of October 30, 1958, and Mr. Taylor's letter of October 17 concerning the refunding of the Suez Canal surcharge to Canadian shipowners or charterers who may be called upon to pay it.[55]

It remains quite impossible to estimate the number of ships which might be affected. I have, however, ascertained that the dues levied upon a loaded tanker of 29,000 tons deadweight are approximately $16,000.00. The same tanker in ballast would pay about $8,000.00. Three percent of these figures is $480.00 and $240.00; say, $360.00 as an average amount of surcharge.

If then we assume that ten passages for the account of Canadian owners or charterers are made each year, and this estimate may well prove to be very high, the total cost of repayment by the Canadian Government over three years might be as much as $10,800.00 but will likely be considerably less.

I am sending a copy of this letter to the Deputy Minister of Finance.[56]

Yours very truly,
L.C. AUDETTE

---

[55] Note marginale :/Marginal note:
I have spoken to CMC (Capt Brand) who have agreed to pass submission to Cab. in name of Min. of Transport "with SSEA concurring." Please send letter to Audette (1) requesting them to put forward because payments would come out of their vote (2) setting out points we would wish to see included. R. G[rey] 7/11

[56] Note marginale :/Marginal note:
Sainsbury, Finance (6-8968), rang to say that his Dept thought submission to Cab. urgent but did not wish to co-sponsor. Told him we thought Transport should with Ext. Aff. concurring. R. G[rey]

R. C[ampbell] added that Pollock thought the CMC estimate answered their request for confirmation that cost of reimbursement would be quite small. C. R[oquet]

294. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 30, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

SUEZ CANAL; EXTRA TOLLS; ASSISTANCE TO CANADIAN SHIPS

23. *The Minister of Transport* reported that the General Assembly of the United Nations in December 1957, had established a system whereby the cost of clearing the Suez Canal would be defrayed by means of surcharges upon the tolls levied on ships using the canal. Canada had voted in favour of this system. The International Chamber of Shipping, representing a substantial proportion of the shipowners and charterers using the canal and upon whom the major burden of the surcharge fell had indicated, earlier this year, that they would refuse to pay the surcharge unless reimbursed the additional cost by their respective governments. The governments of the United Kingdom and the United States had decided to reimburse their shipping interests in order to secure cooperation in the surcharge system. The Canadian Shipowners Association, which represented most of the Canadian interests affected by the surcharge scheme, had notified the government of its support for the stand taken by the International Chamber of Shipping.

The Minister pointed out that, when the United Nations had undertaken to supervise the work of clearing the canal, Canada had advanced $1 million for such purpose. About one-quarter, $255,491, of this advance had been refunded by the United Nations out of the unexpended balance of the clearance fund. The remainder, $744,508, was still outstanding and unrepaid. Canada had a substantial stake in ensuring the success of the surcharge scheme, for it was out of the money so accumulated that the Canadian and other loans would be repaid. Therefore, if the surcharge tolls were collected, Canada stood to gain approximately $750,000. Reimbursing the Canadian shipping interests would require a disbursement perhaps of $10,000 over the next three years.

24. *The Secretary of State for External Affairs* agreed with the recommendation of the Minister of Transport and said that the United Kingdom had been pressing Canada to strengthen the support for the surcharge system.

An explanatory memorandum had been circulated, (Joint memorandum, Minister of Transport and Secretary of State for External Affairs, Dec. 4 — Cab. Doc. 368-58†).

25. *During the discussion* there was general feeling that approval in principle should be given now to the recommendation put forward but that the amount to be included in the estimates and the method of proof of surcharge payments by the claimants should be left open for consideration at a later date.

26. *The Cabinet* approved in principle the joint recommendation of the Minister of Transport and the Secretary of State for External Affairs that Canadian shipowners or charterers or other Canadian interests be reimbursed sums which they might be called upon to pay by way of surcharge on tolls levied for the purpose of defraying the cost of clearing the Suez Canal, and agreed that the amount to be included in the estimates, and the method of proof of surcharge payment by claimants be left open for consideration at a future date.

. . .

4^e PARTIE/PART 4

PLAINTES DE LA SYRIE AUPRÈS DES NATIONS UNIES
SYRIAN COMPLAINTS TO THE UNITED NATIONS

295. DEA/50162-B-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 10, 1957

SYRIA

The USSR-Syrian agreement of August 6, 1957 on commercial and economic aid, the Syrian allegations on August 12 of a United States conspiracy, and the appointment of General Bizri as Chief of Staff of Syria on August 17 (with the subsequent reported dismissal of right-wing military officers) have centered Western attention on the question of whether Syria is controlled by international communism. Deputy Under Secretary of State Loy Henderson, after ascertaining Turkish, Iraqi, Jordanian and Lebanese official opinion (but not Syrian or Egyptian), reported that there was deep concern at the apparently growing "Soviet Communist domination" of Syria and "the large build-up" of

Soviet bloc arms in Syria.[57] Two immediate results were the decision of the United States over the past week to expedite the delivery to Jordan and Iraq of previously ordered arms supplies; and the statement by President Eisenhower expressing the hope that "international Communism would not push Syria into any acts of aggression and that the people of Syria would act to allay the anxiety caused by recent events."

Quite apart from their evident concern, there appears to be a significant degree of caution in the verbal reactions of the President and Mr. Dulles to the Syrian situation. Obviously, to decide that Syria was dominated by international communism would be a serious finding, because it would bring into force the offer under the Eisenhower doctrine[58] to assist any state attacked by Syria and asking for United States aid. In addition, the Syrians themselves, including General Bizri, while admitting their pro-Soviet policy, draw a clear distinction between such a policy and communist domination. So far as our limited sources of direct information indicate, this distinction is borne out by the fact that neither in the Syrian Government nor among the top-ranking military officers are there any known communists, although anti-Western and radical figures are by no means lacking. Responsible reporters, such as Osgood Caruthers, of the *New York Times*, have recently confirmed from Damascus the prevalence of this opinion. Finally, there seem to be excellent grounds for supposing that, given the physical separation of Syria and the Soviet Union and the independent and nationalistic character of Syrian thinking, neither the Soviet Union nor Syrian leftists would be willing to experiment in turning Syria into a Soviet satellite.

Against this background, the quickened pace of the United States arms deliveries appears as a dramatic reaffirmation of support for nervous United States allies in the Middle East and, very likely, as a concession that Syria is irrevocably lost to the West. When the Canadian Government a few months ago intimated its general approval of the Eisenhower doctrine it had reservations, to which publicity was not given, about the emphasis placed by the doctrine on military aid considering that general economic aid would be of greater usefulness in preventing a deterioration of the position in the Middle East. This opinion may be reinforced if the "military" response to recent events in Syria now enables Syrian extremists to force the moderate elements in the Kuwatly régime into greater reliance on the Soviet Union or if it discourages further desirable trends in Syrian policy, such as the recent Syrian agreement to permit better United Nations truce supervision arrangements on the frontier with Israel, or moves towards a resumption of relations with France and the United Kingdom; or if it inhibits possible attempts by President Nasser, about which there has been speculation in Cairo, to influence Syria in the direction of stability.

---

[57] Le sous-secrétaire d'État adjoint des États-Unis Loy Henderson a effectué une tournée de ces quatre pays entre le 22 août et le 4 septembre 1957. Voir le rapport de cette tournée dans United States, Department of State, *Foreign Relations of the United States, 1955-1957, Volume XIII*, United States Government Printing Office, 1988, pp. 685-689. Les citations qui figurent dans le mémoire canadien et qui sont imprimées ici sont tirées d'un communiqué du Département d'État daté du 7 septembre 1957. Voir United States, Department of State, *Bulletin*, Volume XXXVII, Numéro 952, September 23, 1957, p. 487.

United States Deputy Under Secretary of State Loy Henderson conducted a tour of these four countries between August 22 and September 4, 1957. For a report of his tour, see United States, Department of State, *Foreign Relations of the United States, 1955-1957, Volume XIII*, United States Government Printing Office, 1988, pp. 685-689. The quotations in the Canadian memo printed here are taken from a State Department press release dated September 7, 1957. See United States, Department of State, *Bulletin*, Volume XXXVII, Number 952, September 23, 1957, p. 487.

[58] Voir/See Document 313, note 69.

Admittedly, the United States was under considerable pressure, for reasons of prestige, to respond in an impressive manner to events in Syria, but there was, and still is, much to recommend a cautious approach. Syria will, by itself, or with the help of other Arab states, come to realize the risks of too close an association with the Soviet Union. It is hard to see any alternative.

Although Mr. Henderson in his report argued the need for remedial action, in the first instance by Syria's immediate neighbours, to prevent Syria's becoming a satellite of Moscow, he emphasized that any such action would have to be taken within the framework of the United Nations. It seems unlikely that Syria will be deterred by threats or hints of military action from accepting aid, trade and arms from any quarter offering them on attractive terms and we are not aware of any clause in the U.N. charter which could be applied to prevent their doing so.

JULES LÉGER

---

296. DEA/50405-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2127 New York, October 11, 1957

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

UN AND THE MIDEAST

Engen has had a further private discussion with the Secretary-General about the situation in the Mideast and more particularly about the role which the UN might play there. The Secretary-General has watched with growing concern the developing contests between the USA and the USSR in the area. He has not been at all encouraged by the moves made by the USA during the past six months. As we reported earlier (ourtel 1260 May 15†) the Secretary-General had little confidence that King Saud would live up to USA expectations as the leader of the pro-western element among the Arabs. The Secretary-General has been privately sceptical about USA efforts to isolate Nasser and apprehensive about the initial USA reaction to recent developments in Syria. Conversations which the Secretary-General has had during the current session of the Assembly have tended to strengthen his views about those matters.

2. Perhaps most important was a conversation which the Secretary-General had with Dulles. In the strictest confidence Dulles said that he was most discouraged about the reaction of the Arab states, even those friendly to the USA, to recent USA initiatives in the Mideast. The response to the Eisenhower doctrine had been lukewarm. The reaction to the USA moves to counter the increase of Communist influence in Syria and elsewhere had been sharply adverse. Notwithstanding the USA attitude toward the Anglo-French intervention of last autumn, and subsequent Egyptian-USA cooperation concerning the reopening of the Suez Canal, relations between the USA and Egypt had steadily deteriorated in recent months. Dulles feared that the USA policies in the Mideast had been misinterpreted and had been perhaps ill-advised. It had become even more apparent of late that unless the complex Palestine question could be solved the USA and the Western Powers generally could not hope to persuade the Arabs to face up squarely to the Communist threat. At the

same time, as long as Arab-Israeli differences continued, the USSR's mischief-making in the Mideast would be greatly facilitated.

3. The Secretary-General, of course, did not need to be persuaded to these conclusions. He has consistently urged the USA and other Western Powers to deal realistically and energetically with the Palestine problems. This was amply revealed in the private consultations which took place earlier this year about the possibility of a new initiative on Palestine. Apparently Dulles expressed some agreement with the Secretary-General that the USA might have been better advised to tackle the Palestine issues rather than to have concentrated on developing anti-Communist solidarity among the friendly Arabs. Dulles said that because of what had transpired in recent months, and in particular the Arab rebuff to the USA moves in the Mideast, the USA was now prepared to listen with considerable attention to what the Secretary-General might recommend as the next step to be taken in the Mideast. (At first glance this looks like a reversion to the "let Dag do it" attitude which characterized the USA approach to Mideast problems about the beginning of this year but there is no doubt that the Secretary-General, with the increase of UN prestige in the area, would be in a strong position to influence events there.) As an indication that the Dulles suggestion is serious, he has appointed a special representative, Willard, in New York who will be responsible directly to Dulles and not through Lodge.

4. The Secretary-General has not been reluctant to fall in line with Dulles' invitation. The Secretary-General told Engen that he was firmly resolved during his next term of office to break the Palestine deadlock. He expressed the hope that the Norwegians and the others who earlier this year showed interest in a Palestine initiative would continue to consult with him on possible moves. He intended to keep probing for soft spots in the positions on both sides. The Secretary-General has long been persuaded that Egypt holds the key to making any progress on Palestine questions. He regards the Egyptians not only as the most realistic members of the Arab group but the best organized, in terms of governmental and diplomatic machinery, to negotiate seriously. He is not deterred by the unpopularity of Nasser in Western countries because he believes that much of this sentiment has resulted from an inspired press campaign.

5. The Secretary-General has, in his dealings with Fawzi, developed an understanding approaching instinct about Egyptian mentality. Engen has said that some of the private exchanges between the Secretary-General and Fawzi must be like a conversation between sphinxes. Recently, for example, the Secretary-General reverted to a conversation which he and Fawzi had last spring about the secret Egyptian initiative (paragraph 6, our telegram 1285 May 22†) of July 1956 when Fawzi had suggested a staged approach to the Palestine question. (Fawzi and Trevelyan of the UK had earlier discussed this in Cairo.) In the recent conversation Fawzi was somewhat evasive but in the end agreed that it might still be possible to make some progress along the lines suggested then. According to Engen, at one stage the Secretary-General suggested that it might be worthwhile to turn up some of these old stones to see whether there were any live worms underneath. Fawzi in reply feared that all the worms would now be dead; to which the Secretary replied that some of them might still be alive and capable of being placed on hooks. This illustrates the kind of sparring which goes on between these two.

6. In fact, a great deal might depend on the Secretary-General's relationship with Fawzi. It seems clear that as long as Fawzi could exert influence on Nasser, the Egyptians might be persuaded by the Secretary-General to follow a constructive course. To some extent, however, Fawzi's position at court might depend on whether Nasser and his other advisers were satisfied that the Secretary-General and the UN were giving good value. Recently, for example, when the Secretary-General raised with Fawzi a minor complaint by Mrs. Meir

about Egyptian treatment of some Israeli fishing vessels, Fawzi asked the Secretary-General why he should "reproach" him about this matter and, after the Secretary-General had explained, showed some uneasiness about even referring the matter to Cairo.

7. In his recent conversation with Dulles the Secretary-General argued that Egypt might provide the West with a means for improving its position in the Mideast and more specifically with an opportunity to make progress on Palestine issues. The Norwegians are wondering today whether Marguerite Higgins's story in the *New York Herald Tribune* of October 11 is an indication that Dulles has listened to the Secretary-General's advice. An official of the USA mission has confirmed the facts reported by Miss Higgins. She reported that Dulles this week "in an extraordinary move" called in the Egyptian Ambassador to ask him to convey personally to Nasser the word that the door to better relations with USA is still open. According to the press report, officials in Washington noted that this move "was the first thaw in a long freeze of American policy toward Egypt." The State Department is reportedly of the view that there have been encouraging indications of late that Egypt has been having second thoughts about the prospect of becoming too one sidedly enmeshed with the Soviet bloc. Our own impression, based on information available here and on the attitude of members of the Egyptian Delegation, is that Egypt might be in the mood for a rapprochement with the principal Western Powers. Probably this aim could only be accomplished, however, if the USA were prepared to relax its economic pressure on Egypt and to check the efforts to isolate Nasser.

8. You may perhaps agree that this telegram contains some interesting information although no concrete suggestion about a possible next step by the UN or the USA in Mideast matters. For obvious reasons, however, the telegram should be given the most restricted circulation and our source of information should be fully protected.

[R.A.] MACKAY

---

297. DEA/50162-B-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Head, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 2166 New York, October 16, 1957

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Repeat London, Washington, Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

The Syrians today released the text of a letter October 15 from Bitar to the Secretary-General requesting the inscription of a new item on the agenda entitled "Complaint about Threats to the Security of Syria and to International Peace." The text of the Syrian letter with explanatory memorandum is contained in my telegram 2167.†

2. Our information is that the Syrians notified the Secretary-General about this item about 2:30 this morning. There are two suggested explanations of its origin: (a) Malik of Lebanon complained to the USA Delegation that the item had been cooked up here by

Bitar, Fawzi and Shukhary (of Saudi Arabia) without consulting any other Arab or Asian representatives. It seems likely that Bitar has discussed the possibility of such a move with these Arab representatives and perhaps some of the Asians. Lall spoke to us about it early this morning. (b) There is persistent speculation that the Syrians here yesterday received urgent instructions from Damascus to pursue the matter and that these instructions were the result of Soviet pressure on the Syrian Government. Consistent with this explanation is the suggestion here that the Egyptians are not happy about the move. Indeed some members of the Syrian Delegation have shown signs of worry. We shall try to obtain a clearer idea of the reaction of the Egyptians and other Arab representatives.

3. The preliminary reaction among the Western Powers has been mixed: (a) When he first learned that the item would be put forward, Dixon suggested to Lodge that they should work to have the item voted down in the General Committee. Later Grosthwaite informed us that the UK would prefer to oppose the item in the General Committee but on the ground that the matter should more properly be discussed by the Security Council than by the General Assembly. His idea was that members of the Security Council who were also members of the General Committee should state in the Committee that they would be prepared to have the matter discussed by the Council. (b) The USA, however, believes that the Western Powers should "roll with the punch," subject to the views of the Turks. The USA, rather than oppose, would welcome the item in the General Committee and the recommendation that it be discussed at the earliest possible date in a plenary session of the Assembly. In fact this USA position has been made known to the press in a brief statement which was issued here. The text of this statement is also contained in my telegram 2167. Norwegian officials here are inclined to agree with the USA approach on the assumption that the Turks would not object.

4. Our information is that Dulles has already indicated in Washington that the USA would welcome a discussion of the Syrian situation and that this might provide the opportunity for reviving the "concrete proposals" which he mentioned in his statement in the general debate here.[59] In strict confidence the USA Delegation have informed us that the USA might support the sending of a fact-finding commission to the area (this move is implied in the Syrian memorandum). In their earlier consideration of the problem, the USA Delegation had in mind that a committee composed of the non-permanent members of the Security Council might carry out the investigation. By using the non-permanent members the USA would hope to avoid the difficulty of appointing a fact-finding committee. Their views in this regard, however, are flexible and they might still support proposals for using the machinery of the Peace Observation Commission or some newly appointed UN body.

5. The USA Delegation and others expect that the item will be discussed in the General Committee within the next day or so and that probably the discussion in the General Assembly will follow shortly thereafter. We think that there is much to be said for the USA attitude that a discussion of the item should be welcomed. This would remove much of the propaganda value the USSR might hope to gain from this move. To oppose it, on the other hand, would afford the USSR considerable propaganda advantage and largely at the expense of the USA and NATO.

6. As for the proposal that an investigating committee should be established, this might prove a useful means of heading off a protracted discussion in the Assembly and might in fact have a calming influence in the area. The attitude of Turkey would of course have to be taken into account. As regards the composition of the committee, while we see no

---

[59] Voir/See United States, Department of State, *Bulletin*, Volume XXXVII, Number 954, October 7, 1957, pp. 555-559.

objection in principle to the USA suggestion about the non-permanent members of the Council, it might prove difficult: (a) to persuade Iraq to serve on such a committee (since we can expect the Arabs to show solidarity on this item), and (b) most of the Arab states would probably object to the presence of an Australian representative on any investigating body. The likelihood is that the Arabs and others would press for the appointment of a new committee.

7. These should be regarded as our immediate reactions to the developments of this morning. We shall follow up our consultations here with a view to making further recommendations to you.

---

298. DEA/50162-B-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Head, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 2183 New York, October 16, 1957

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Our Tel 2166 Oct 16.
Repeat Washington, London, Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

This afternoon (October 16) we continued our informal consultations with delegations closely interested in the development of the Syrian situation. Among others we discussed the matter with members of the USA, Norwegian, Swedish, Yugoslav and Syrian Delegations. We were able to confirm some of our earlier impressions and to draw additional conclusions about current developments here. Interest in the exercise was heightened by the release of Gromyko's letter[60] of today's date to the President of the Assembly (our telegram 2180 October 16†).

2. The plan this evening is that the General Committee will meet about 5:30 tomorrow evening to consider the Syrian item. The likelihood is that the Committee will recommend that the item be included and that it should be discussed at an early plenary session. The UK Delegation has more or less accepted this approach.

3. There seems to be little doubt that the Arab Delegations including some of the Syrians here, are not happy about today's developments. The Swedes informed us that other Arab representatives, but particularly the Egyptians, had tried until two o'clock this morning to persuade the Syrians not to submit their item. These other Arabs feared that an Assembly discussion of the Syrian situation at the very least would become a cold war exercise which

---

[60] La lettre du 16 octobre 1957 du ministre des Affaires étrangères soviétique Andrei Gromyko appuyait la plainte syrienne aux Nations Unies et affirmait que les États-Unis étaient directement responsables, ayant incité la Turquie à agresser la Syrie.

Soviet Foreign Minister Andrei Gromyko's October 16, 1957 letter supported the Syrian complaint to the United Nations and claimed that the United States was directly responsible for prodding Turkey to commit aggression against Syria.

would not only be disadvantageous to Arab interests but might serve to increase tension in the area. The impression which the Swedes and others have is that the Syrian Delegation was under strict instructions from Damascus to press for the inclusion of the item.

4. The Yugoslavs have confirmed that many of the Arab representatives are worried about the prospect of a harsh debate in the Assembly. Apparently Popovic was greatly annoyed about the Syrian decision to proceed without consulting other interested powers, but particularly neutralists like Yugoslavia. Popovic has made these views known to Bitar and Fawzi. The Yugoslav assessment is that USA policy in the Mideast is in the process of revision (for the better, from the Yugoslav point of view). They fear that the discussion of the Syrian item might oblige the USA to revert to a policy of toughness, as regards Syria, in response to attacks by the USSR on USA policy. The Yugoslavs hope, therefore, that the USA can be persuaded not to enter into a harsh propaganda debate but to allow a fact-finding commission to be established almost at once, which commission could report subsequently to the Assembly which would then be in a position to consider an unbiased report on the Syrian situation.

5. A Syrian official has shown concern about the prospects of a cold war debate. He has insisted that the Syrian move was designed to focus attention on Syria's problem and not to assist the Soviet Union in its cold war tactics in the Mideast. With apparent sincerity he has urged that uncommitted members of the Assembly (and he included Canada and Norway among these) should move to head off a cold war exercise and to see that the Assembly did establish an unbiased fact-finding commission.

6. The USA Delegation has been giving further consideration to the composition of the fact-finding body. They have tended to agree with us that a commission composed of the non-permanent members of the Security Council would not be regarded as unbiased and might, on the other hand, be looked upon as an attempt by the USA to obtain a whitewashing report. A review of the composition of the Peace Observation Commission has shown that its membership would not offer much opportunity for an unbiased subcommittee. This had led to the conclusion that the Assembly might be better advised to choose a new, compact commission. We believe that it would be greatly in the interest of the USA and the West if a well-balanced commission of three, for example, could produce a report which would clearly show that Syrian fears about Turkey and the USA were unfounded but that the same could not be said about Soviet intentions in the area. Conceivably this could be the result of a UN investigation and members like India, Japan and Sweden might be suitable for that purpose. Another alternative might be to select persons rather than states for the investigatory body.

7. If the USA is prepared to have an open investigation, and on the assumption that Turkey does not object, we think that there would be much advantage in having the fact-finding commission established at the very outset of the Assembly's consideration of the Syrian item and before there had been any opportunity to begin a propaganda slugging match. It would be relatively easy to persuade the Assembly that the debate on substance should be postponed until the fact-finding commission could produce its report. This would head off those who have in mind that the Assembly debate would provide unbounded opportunity for propaganda. In other words, if the USA could be persuaded to forego, for the time being, its reply to Syrian and Soviet charges or, more correctly, to meet them by moving promptly to establish a fact-finding commission, these tactics might make possible a considerable improvement in the position of the USA and the West in the Mideast. At the very least it would show that the USA's interest in the area goes beyond the promotion of cold war propaganda. At the most it might encourage the Egyptians and the Syrians to try to disengage themselves from Soviet entanglements.

8. These suggestions are based on the following assessment:

(a) The Arab states, perhaps including Syria, have become genuinely alarmed about the extent of cold war manoeuvring in the Mideast.

(b) The Egyptians and the Syrians are looking for a means to escape the Soviet grip, which their policy of accepting arms has made too firm. They hope that somehow the UN can provide an umbrella just as last year it provided a way out of a serious crisis.

(c) Events were already beginning to move in the direction of improvement: for example, Egypt and Turkey were seeking rapprochement; the USA was having second thoughts about its policy of isolating Nasser; Egypt was seeking to restore its relations with Western Powers.

(d) The Soviet Union, having realized that the wind was changing in those ways, decided to force Syria's hand as regards Assembly debate, in order to make use of information which the Russians had about the USA reaction about a month ago to the Syrian situation.

(e) The USSR and at least some Syrians expected the USA to oppose the Syrian move, in which case it would have been easy to launch a strong propaganda campaign against the USA and Turkey. The USA's accommodating response to Syria's move has taken them by surprise but not prevented the Russians from pressing their propaganda attack, contained in their letter of today's date.

In other words, if the USA could continue to respond to Syrian and Soviet charges with an offer to permit unbiased investigation and without counter-charges, at least for the time being, the Soviet tactics could be turned against them with considerable force.

9. If you agree with this analysis you might think it worthwhile to have views like these put forward in Washington. An underlying assumption is, of course, that the Turks would go along with the proposed line. Our information is that the USA has approached the Turkish Government and that their initial reaction was favourable. This should, however, be confirmed by our Embassy in Washington before they took any initiative.

[W.] NESBITT

---

299. DEA/50162-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM ME-221 Ottawa, October 17, 1957

SECRET. EMERGENCY.

Reference: Candel Tels 2166, 2167†, 2180† and 2183 of Oct 16.
Repeat Candel New York, London (Emergency), Cairo (OpImmediate) (Information).
By Bag Athens, Ankara, Beirut, Tel Aviv, Karachi, New Delhi, Moscow.

SYRIAN SITUATION

Following for Robertson from Minister Begins: I hope that you will have an opportunity to show this telegram to the Prime Minister during his stay in Washington.[61] Do not take any action before having cleared it with Mr. Diefenbaker or, if this proves impossible, having received a further telegram from me after I discuss it with Mr. Diefenbaker here.

---

[61] Voir/See Document 2.

2. Our assessment of the Syrian situation does not differ substantially from that contained in the above mentioned telegrams and in particular paragraph 8 of telegram 2183. The Syrian move to bring the question before the UN has evidently been made with the encouragement and perhaps at the direct insistence of the Soviet Union the timing having been dictated by the latter's desire to take advantage of a propaganda opportunity that was rapidly disappearing under the influence of mounting Arab anxiety about a Great Power confrontation in their area and the imminent re-appraisal of US policies in the Middle East. The positive Soviet assertions of having information establishing the complicity of the US in a Turkish plot to overthrow the Syrian Government by force lends credence to the assumption that the Soviet Union or Syrians may be relying on documents or information relating more to the confused situation which prevailed in mid-September (reference our telegram ME-203 of September 19†) than to current developments. It seems reasonable to assume that the USSR is also aware that whatever thoughts may have been entertained by the US in September of "restoring" the Syrian situation with direct or indirect US help have been succeeded in recent weeks by a much more cautious policy which has taken full account of the unanimously unfavourable Arab reaction to any suggestion of direct non-Arab intervention in the Syrian situation. Soviet knowledge that the propaganda opportunity was a fleeting one would also explain their carefully staged campaign to accentuate in recent weeks the threatening nature of the Turkish build-up through notes to the Great Powers,[62] the Reston interviews,[63] and the warning to socialist parties of Western Europe.[64]

3. In our view the US have been well advised to react promptly in favour of an impartial investigation under UN auspices. The Soviet Union probably estimated that the USA would oppose the setting up of a committee or of a fact-finding body and there is reason to hope that the American decision not to do so may have blunted the main impact of the Syrian manoeuvre. Already the USA reaction seems to have had a salutary effect on the uncommitted nations, on several Arab states and even on the Syrians themselves. The USA are perhaps faced with a unique opportunity to deflect the rising tide of Arab dissatisfaction with American Middle Eastern policy. It would however seem essential that the USA continue consistently to give the impression that they have no reason to fear a completely impartial fact-finding mission. It would seem to be in their interests to avoid playing too direct a part in the nature or composition of the fact-finding body to be created, and in particular to avoid at this stage indulging in a propaganda campaign designed to turn the

---

[62] Le 4 septembre 1957, l'Union soviétique a envoyé des notes aux États-Unis, au Royaume-Uni et à la France pour proposer que les Quatre Puissances fassent une déclaration commune pour renoncer à l'usage de la force au Moyen-Orient.

On September 4, 1957, the Soviet Union sent notes to the United States, the United Kingdom, and France proposing that the Four Powers join in a declaration renouncing the use of force in the Middle East.

[63] Le 7 octobre 1957, James « Scotty » Reston, le correspondant du *New York Times*, a réalisé une interview privée de Nikita Khrouchtchev. Voir *New York Times*, October 10, 1957, pp. 10 à 11.

On October 7, 1957, *New York Times* correspondent James "Scotty" Reston conducted a private interview with Nikita Khrushchev. See *New York Times*, October 10, 1957, pp. 10-11.

[64] Le 12 octobre 1957, Khrouchtchev a adressé des lettres aux partis socialistes d'Europe occidentale pour leur demander de soutenir une déclaration des Quatre Puissances contre le recours à la force au Moyen-Orient.

On October 12, 1957, Khrushchev addressed letters to Western European socialist parties seeking support for a Four-Power declaration against the use of force in the Middle East.

tables on the Soviet Union as the guilty party in the Mideast. The facts to be collected under UN auspices will have their most decisive effect if allowed to speak for themselves.

4. I would be grateful if you would take immediate steps to speak to the State Department along the lines of the foregoing paragraph making it clear to the State Department that we welcome their immediate reaction and that we are ready to support a policy involving any reasonable UN initiative which will have the double effect of bringing about an immediate relaxation of tension in the area and of exposing the true facts of a situation which we feel the West need have no reason to fear. You might tell them that while there may be a legal case for Security Council action, we think the General Committee and the General Assembly are more appropriate bodies to deal with the situation in the first instance and that the General Assembly ought to be encouraged to act as rapidly as possible to establish an impartial fact-finding body. We also feel that the postponement of a General Assembly debate pending a report of the fact-finding body offers an immediate advantage to the West that could not be gained in any other way at this moment.

5. You might mention that we foresee some difficulty in selecting appropriate members of the investigating body if either the non-permanent members of the Security Council or the Peace Observation Commission machinery were to be used, and would be inclined to go along with the suggestion that an entirely new UN body, perhaps composed of three neutral states, e.g. India, Japan and Sweden, might be preferable. We are not wedded to these three states in particular but in any event think that it would be best to avoid the inclusion of either NATO states or iron curtain countries, as this would only defeat the possibility of a unanimous report and accentuate the cold war aspects of the present crisis. If insuperable difficulties are encountered in selecting an acceptable fact-finding body, it might even be possible to call again on the services of the Secretary-General who has so successfully undertaken before, with the help of a neutral advisory body, tasks which could not successfully have been otherwise undertaken.

6. You might mention to the State Department our opinion that it might be advisable for the USA to let others do the running on the question of the composition of the fact-finding body in order to avoid any impression that the USA is attempting to manipulate the General Assembly for the purpose of obtaining a condemnation of Syria or of pre-judging the guilt of the Soviet Union in generating the present crisis. The great advantage in the present situation is that it is the Syrians themselves who have brought the matter before the General Assembly and the objective ought therefore to be to let their initiative run its natural course.

7. In offering the US the friendly assistance of Canada in pursuing a course along the foregoing lines you might frankly express to them the lingering hesitations which we and doubtless other friendly states entertain in wholeheartedly espousing an impartial fact-finding body's investigation of a situation in which we are without complete knowledge of the facts. In the current NATO discussions on the Syrian situation, the Turks in particular have been disturbingly reticent about the extent and purpose of their recent troop movements along the Syrian frontier. An immediate move to make friendly nations at the UN fully informed about the situation would go a long way towards dispelling doubts.

8. UN intervention must of course be subject to Turkish concurrence and you might express our hope that everything possible will be done to encourage the Turks to cooperate with a fact-finding mission. With Soviet troops now reported to be massed along Turkey's north-eastern frontier there may be some inclination on their part to resist the admission of a UN body to the Turkish side of the Turco-Syrian frontier unless the Soviet Union agrees to similar action along their border with Turkey. This difficulty might perhaps be overcome by the Turks welcoming a fact-finding body which would be at liberty to operate "any-

where on Turkish territory." It would be unfortunate for the UN and for NATO if Turkey should be cast in the role of the only obstacle to a peaceful initiative otherwise enjoying almost universal support.

9. We have just been informed by Candel New York that the meeting of the General Committee scheduled for today to discuss inscription of the Syrian item has been postponed, presumably at the request of the Americans because of a US Cabinet meeting on the Middle Eastern crisis. Meanwhile the US Delegation is consulting all Middle Eastern delegations except the Syrians but including the Egyptians. In the opinion of our delegation, a reference to "indirect aggression" which Dulles was proposing to include as an amendment to the Syrian item would not be welcomed by the Arab states. Our delegation is of the impression that the USA Delegation in New York is thinking along the same lines as ourselves.

10. *For Candel New York.* Since these instructions must be cleared with the Prime Minister and the Minister before action is taken in Washington, the above is merely to keep you abreast of departmental thinking. Meanwhile you may use this telegram as background for your continuing talks, particularly with the US and Turkish Delegations.

---

300. DEA/50162-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2224 Washington, October 18, 1957

SECRET. OPIMMEDIATE.
Reference: Your Tel ME-221 Oct 17.
Repeat Candel New York, London (OpImmediate) (Information).
Repeat Cairo from Ottawa.
By Bag Athens, Ankara, Beirut, Tel Aviv, Karachi, Delhi, Moscow from London.

SYRIAN SITUATION

I saw Francis Wilcox, the Assistant Secretary in charge of UN Affairs, this morning at the State Department. On the basis of a preliminary word with the Prime Minister about your reference telegram, it was agreed that while it would be useful to exchange views informally with the State Department, in view of the fluidity of the situation concerning the discussion in the UN of the Syrian item, we had better hold our hand for the present so far as urging particular courses of action on the State Department is concerned.

2. From my conversation with Wilcox, it would appear that the State Department in general terms shares the same assessment of the Syrian situation and the background of the Syrian initiative as outlined in your message. In particular, Wilcox emphasized that the action of the Syrian Government in raising this issue in the UN had come as a surprise to the other Arab states whose representatives were embarrassed at the possibility of having to stand up and be counted on an initiative which appears to have been taken by the Syrians under some pressure from the Soviet Government.

3. The Department is giving continuous study to the problem of how best this matter can be dealt with. At this afternoon's meeting of the General Committee, Wilcox expected that

the USA would vote for inscription of the item and that the item would probably be inscribed without a great deal of opposition, although the USA Delegation would retain a flexible position with regard to the wording of the resolution. They might wish to refer to the "security and independence" of Syria as is done in the body of the Syrian letter.

4. Following the expected inscription, the future course of action is by no means clear. The State Department is fully aware of what seems to be a real constitutional difficulty that the Assembly can only take substantive action in a situation of this kind when the Security Council has been immobilized from doing so. Wilcox agreed that there was a strong legal argument (which Lloyd had emphasized earlier in the morning to the Secretary of State) in favour of the appropriateness of the Security Council as the forum for necessary action. But he also referred to the responsibility and obligations of the Assembly, particularly under such articles as 10, 11, and 35, which gave the Assembly the power to discuss situations of this kind. The distinction which seems to be developing in the minds of State Department officials is broadly that while the Assembly might properly be the initial forum for discussing and considering the Syrian complaint, the problem might have to be referred at an early stage to the Security Council for substantive action, including the establishment of some form of investigatory body. No final decision has yet been taken here on this procedural aspect.

5. With regard to the terms of reference of such an investigatory body, again the position (including a possible reference to "indirect aggression") has not yet been settled. The State Department intends to take up urgently with the Turkish Government this problem, particularly in view of reports that the Turks might be most reluctant to envisage an investigation confined to the Turkish side of their frontier with Syria, unless there is similar investigation of reports of, for example, Bulgarian troop concentrations on the Turkish border. The State Department had not heard what we had gathered earlier from Selwyn Lloyd that the Turks are likely to request postponement of further discussion until Wednesday next, but Wilcox was fully alive to the fact that although Turkish concurrence was essential, the Turkish Government should not appear to be dragging its feet in accepting a full and impartial investigation. Wilcox considered that so far as the USA is concerned acceptance of the challenge of an investigation was implicit in earlier positions taken up in the Assembly with respect to the critical situation in the Mideast and reflected in previous statements by the Secretary of State. Mr. Dulles had expressed the hope that the Arab governments in the area would themselves have been able to work out policies to reduce current tensions. Since this had not proved possible, the USA was obliged to support the principle of investigation of and report on the Syrian charges.

6. On the composition of an investigatory body, again it appears that no final position has yet been taken, and this of course depends in part on resolution of the basic procedural difficulties referred to above. Wilcox indicated that the non-permanent members of the Security Council did represent a good group from a free world point of view from which an investigation body could be selected, although he recognized that a more neutral group would be more attractive both to Syria and to the USSR. The Department was thinking, as messages from our delegation have indicated, rather in terms of selecting individuals than of representation by states, on the grounds that the latter course might lead to problems of balancing and to the inclusion of Soviet bloc countries on the investigatory body. I thought it worthwhile to raise the question of the possible usefulness of the Secretary-General, but it seems clear from Wilcox's comments that, although they recognize here the important role which Hammarskjöld could play, acceptance of such a responsibility, coupled with his existing duties, might adversely affect the contribution which he may be able to make when the time is ripe for broader problems of settlement in the area. I also mentioned the

point in your paragraph 7 that we would need fuller information about the actual situation in Turkey and in Syria, and that the Turks had not been too forthcoming in the NATO forum. I indicated too that we felt that at this time action could not usefully be taken on the Syrian problem in the UN forum rather than in the forum of NATO.

7. For the present, while this does not carry us very much further, at any rate it may be of help both to the Department and to the delegation to realize that the problems outlined in your reference message and in certain earlier telegrams, are fully recognized here, and that we are sharing the same set of worries on procedural and other related points. We agreed that our two delegations would continue to consult closely with one another in New York.

[N.A.] ROBERTSON

---

301. DEA/50162-B-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2225 New York, October 21, 1957

SECRET. OPIMMEDIATE.
Reference: Our Tel 2218 Oct 19.†
Repeat London, Washington (OpImmediate), Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

As Murray reported by phone to Campbell, the USA Delegation today informed us that King Saud had been working behind the scenes to bring about a reconciliation between Turkey and Syria. The USA information was that the Turkish and Syrian Governments had accepted King Saud's offer to mediate but that when he announced it to the press, the Syrians had issued a denial that the approach had been made. The impression here is that the Syrian Government has neither accepted nor rejected the proposal of King Saud but taken the position that no proposal has been received. The USA Delegation have been urging delegations who could influence Syria (like the Indians and Egyptians) to persuade the Syrians to go along with King Saud. The assumption is that the Turks would do so.

2. This development has more or less placed in abeyance USA plans for delaying with the Syrian item in the General Assembly. We asked specifically whether they had received any further instructions from Washington concerning their draft resolution. We were informed simply that the USA Delegation had "no position" as regards procedure in the Assembly. We did gather that Lodge responded enthusiastically when he first heard about King Saud's offer (it was reported by the USA Ambassador in Jedda). At the same time some members of the USA Delegation have been hinting that the Turks would not accept a fact-finding commission, established by the Assembly, unless it would be authorized to investigate the situation in areas other than the Syrian-Turkish border; particularly the Turks might wish it to investigate the reported concentration of Bulgarian troops opposite Turkey. We have, however, no precise information about the Turkish reaction to the possible establishment of a fact-finding commission.

3. We learned from the Norwegians this morning that the NATO Council had decided not to take action on any statement on the Syrian situation at this time. Presumably you will have received more detailed information from direct sources.

4. After the preceding paragraphs were dictated we learned that Bitar had seen Lodge this afternoon to discuss the Syrian situation. As a result of this conversation the USA Delegation have concluded that the King Saud initiative is a "dead duck." They gathered that the Syrians desire a UN commission with terms of reference like the UN Special Committee on the Balkans. You will recall that this Committee was established on the northern frontier of Greece by the Assembly at its Second Session in 1947. It was instructed to observe relations between Greece and its northern neighbours and to make certain recommendations concerning frontier problems. Observations teams were to operate in the frontier areas to investigate complaints received from the governments of Greece, Albania, Bulgaria and Yugoslavia. In view of the Turkish attitude, Bitar's suggestion might be difficult to implement, unless the Syrians, like the Greeks earlier, would be content to have the commission operate only on the Syrian side of the frontier. But in these circumstances, it would not be easy for the Western Powers to go along with the proposal. Bitar indicated that if a delay of one day would improve the chances for reaching some accommodation of conflicting views, he would accept that delay. This was interpreted to mean that he expected the Assembly to take up the Syrian item on October 23. (We understand that Sarper of Turkey will be here by then.)

---

302. DEA/50162-B-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2233 New York, October 22, 1957

SECRET. OPIMMEDIATE.
Reference: Our Tel 2231 Oct 22.†
Repeat London, Washington (OpImmediate), Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

During the morning we discussed with the Norwegian and UK Delegations the latest developments in the Syrian situation. We learned among other things that Fawzi had shown Lodge the rough draft of a resolution which Fawzi thought would meet the requirements of the situation from the Arab point of view. According to this draft, the General Assembly, having considered the Syrian complaint and bearing in mind that the Assembly "may discuss" any question relating to the maintenance of international peace and security (Charter articles 10, 11 and 35), would decide to establish a fact-finding commission or committee, composed of three members, to investigate the situation existing on both sides of the Syrian-Turkish border. The committee would be required to proceed to the area within a week and to make its report to the Security Council and the General Assembly within two weeks of its arrival in the area. The two parties would be asked to appoint liaison officers to cooperate with the committee. The Secretary-General would be requested to make available the necessary facilities.

2. The Egyptians made clear that they would not oppose this draft resolution nor co-sponsor it. They suggested that Sweden, India and Mexico might be the three members with the possibility (Grosthwaite of the UK Delegation mentioned this but the Norwegians were not as categorical) of two additional members, one each appointed by Syria and Turkey. There has been some speculation that India or Indonesia might table this draft resolution, perhaps this afternoon, but we have had no confirmation of this. The UK Delegation argued strongly that the Western Powers should oppose any move to establish a fact-finding body as long as there was any chance that King Saud's initiative might succeed. Indeed, the UK Delegation would probably be opposed to establishing investigatory machinery in any event. Grosthwaite argued that Western Powers would be playing the Russian game if they did not resist the Arab and Soviet pressure for a fact-finding body. Grosthwaite wanted to know why the West should put this kind of pressure on Turkey when it was the staunchest ally of the West in the Mideast. He was not impressed with arguments to the effect that the best way to meet the Syrian initiative would be to take it over. He suggested that if the Saud move should fail and if matters were pressed in the Assembly, a draft resolution should be introduced taking note of the assurances given by Turkey that it had no intention of breaking the peace and calling upon all members to exercise restraint in the promotion of their policies in the area.

3. Grosthwaite's suggestion is not unreasonable but in their present mood the Arabs might be unwilling to go along with it. They might consider that Syria's complaint warranted more positive action by the Assembly. They might be swayed by the violence of Soviet propaganda, since some of it might have a plausible ring. We were reliably informed that Gromyko on October 20 held a meeting with representatives of India, Indonesia, Egypt and Syria at which Gromyko threw a scare into the others with his account of USA and Turkish manoeuvring in recent weeks.

4. In addition, the Western Powers must bear in mind the attitude of Turkey. If the Turks should be unwilling to accept a fact-finding body with a restricted mandate (that is, one which would investigate only the Syrian-Turkish border situation), there might be considerable disadvantage in supporting in the Assembly the establishment of fact-finding machinery. From the outset our underlying assumption has been that the Turks would accept a fact-finding commission although, as you are aware, the exact Turkish attitude has by no means been made clear.

5. At the time of writing this telegram the hope here continues to be that a postponement can be arranged in the Assembly so that King Saud's initiative can be explored. We have been shown by the UK Delegation conflicting radio reports, mainly from Lebanon, about the Syrian attitude toward King Saud's proposal. According to one, King Saud has said that he would be offended if the Syrians should turn down his offer. The UK Delegation have suggested that, if the Saudi Arabian move should finally fail, the West could count on a split in Arab ranks on the Syrian item and that this should be exploited. In these circumstances, Grosthwaite argued, his proposal (in paragraph 2 above) might stand a good chance of being adopted in the Assembly with the support of some of the Arabs. At the moment we are not too sure that this would be the outcome here, nor that an Arab split would necessarily be to the advantage of the West when considered in its broader implications. However, we shall have to await further developments before reaching firm conclusions in this regard.

[R.A.] MacKay

303. DEA/50162-B-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2248 New York, October 23, 1957

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Our Tel 2233 Oct 23.
Repeat London, Washington (OpImmediate), Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

As you will have seen from the press the Assembly did decide to postpone the debate on the Syrian item but as the result of proceedings which were no great credit to the UN and certainly not of much comfort to the Western Powers. USA officials in Washington may regard King Saud's initiative "as a gift from the gods which would be most helpful to the Western position" (Washington telegram 2243 October 22†) but our impression during yesterday's debate and from reactions this morning is that a substantial body of opinion here regards the Saud initiative as a put-up job. For a number of reasons there has been considerable sympathy for the Syrian position as regards that initiative. In the first place the manoeuvre to gain the postponement was badly organized. The Turks were not inscribed to speak first (paragraph 3 of our telegram 2231 October 22†) but they were called first by the President to speak on a prearranged "point of order." Esin (although Sarper was here) emphasized in a brief statement that attempts were being made to confuse the issue by making false accusations; he referred to King Saud's initiative and announced that Turkey had accepted the offer and that Fatin Zorlu was on his way to Saudi Arabia. He could have stopped at this point but he went on to say that he had no confirmation of acceptance by Syria of the offer of mediation and to suggest that in view of Article 33 the Assembly might deem it desirable "to allow these efforts to be fully explored."

2. Speaking on the point of order the Syrian (Zeineddine) argued strongly that no mediation "really exists" and what was being attempted was a means to confuse the Assembly and public opinion. In his view the "so-called mediation" was being urged in order to avoid the debate in the Assembly and to hide "those realities that the UN should cherish and seek by all means to uncover and have before it." He appealed for Arab solidarity on this point and insisted in effect that, even if there should be some effort made outside the UN to deal with the Syrian situation, the Assembly should continue to debate the matter.

3. Still on the point of order, Gromyko spoke in support of the Syrian contentions. He described the Turkish move at the outset of the debate as part of a USA-Turkish stratagem to delude public opinion. He was interrupted twice by Munro but not before he had warned the Assembly that "many delegations, if not all, might have to ponder how regrettable it was that we had let ourselves slide down this inclined plane."

4. Bitar spoke next on substance. His statement was bitterly anti-Western and anti-USA. It rambled over the alleged iniquities of the Western Powers in the Mideast during recent years. He spoke against the Baghdad Pact and referred to efforts to interfere in the internal

affairs of Syria and other Arab states. He attacked the Eisenhower Doctrine[65] and the recent visit of Henderson to the Mideast.[66] He spoke about the exaggeration, "through the instigation of Zionist and colonial circles" about the quantities of defensive weapons which had been bought by Syria. He compared these with the "vast quantities of weapons which had been delivered regularly and over a long period to Israel and Turkey by the Western Powers." He called for the withdrawal of Turkish forces and for the establishment of a commission "to verify facts relating to Turkish troop concentrations in the proximity of the Syrian-Turkish frontier, frontier incidents and violations and other acts of a similar nature." The commission should be asked to report to the Assembly after a period not exceeding ten days.

5. Notwithstanding his private conversation with the USA Delegation, Fawzi's statement was moderate and on the whole constructive. He spoke in support of Syria but in a tone of reasonableness. He suggested that it was for Syria to decide whether the Assembly debate should continue in the face of the Saud offer. He welcomed the assurances which the Assembly had heard from Turkey and the USA in particular. He described these as a "big improvement" on the situation which existed last autumn when France and the UK were evasive about their intentions in the Mideast. He pressed for UN machinery to strengthen the assurances that the peace would be maintained in the area. He shared the view that the Assembly should appoint a commission of enquiry. "Nothing could make us happier than that the commission should report that the deployment and the concentration by Turkey of its armed forces are no longer of such a nature as to justify any anxiety on the part of the state of Syria."

6. Gromyko's statement by contrast was long, contentious and tough. It was a hard-hitting attack on the USA, Turkey, the Baghdad Pact and NATO. Although the statement would require more detailed analysis, its main emphasis seemed to be that the USA should be driven from the area because the USA motives there were just as evil as those who followed old imperialist policies. Gromyko emphasized the seriousness of the Syrian complaint, decried efforts to place the blame on the Soviet Union and warned Turkey about the consequences of breaking the peace. The Turkish statement, which followed, concentrated mainly on the Soviet threats. It referred to the arms buildup in Syria and to the concentration of Soviet troops along the northern frontiers of Turkey. Assurances about Turkey's intentions were once more stated and the Soviet Union's part in the whole exercise was questioned sharply. The hidden goals and intentions of the USSR and Syria "should be thoroughly investigated and brought to light." There was a clear attempt to interfere in the Turkish electoral campaign. Lodge's statement, apart from a general denial of charges against the USA, tended to pass over the propaganda attack made by Gromyko. Once or twice, however, he departed from his text to indulge in polemics. He appealed to the Assembly to "give King Saud's offer a chance."

7. In a surprising statement the representative of Afghanistan made an appeal for moderation, and generally speaking supported the view that King Saud should be encouraged to use his good offices. It sounded like an appeal from a third Muslim to two quarrelling Muslim brethren. The Czech, however, restored the debate to its unpleasantness.

8. The USA Delegation had approached the Brazilian formally to move for an adjournment of the debate. The Brazilian had declined so that at a rather late stage the USA turned to the Paraguayan, who had not been available earlier. Because of insufficient staff work,

---

[65] Voir/See Document 313, note 69.

[66] Voir le document 295, note 57.
See Document 295, note 57.

the USA Delegation were not even sure that the Latins would back the Paraguayan motion. He made the move in the Assembly immediately after the Czech statement. The Syrians objected and charged that this was one more effort to throw dust in the eyes of the Assembly. Zeineddine tried to turn the tables by moving the adjournment of the meeting "until tomorrow," confident that his motion would have priority under Rule 79. Munro ruled, however, that "adjournment until tomorrow" would be an adjournment for a fixed time and not one covered by Rule 78 (and consequently Rule 79). Zeineddine was obliged to try again by amending his motion to become a simple motion for adjournment of the meeting. This was defeated by a vote of 30 in favour, 36 against (including Canada) and 6 abstentions.

9. Zeineddine's next move was to have the Paraguayan motion changed from an adjournment *sine die* to an adjournment "until a date not later than the expiry of three days" (which would be Friday afternoon). Sensing that there would be confusion in the Assembly concerning this amendment (which the USA Delegation was prepared to accept but for which they could not organize support because the vote came so quickly), the USSR asked for a roll call vote. In the confusion the amendment was adopted by 33 in favour to 32 against (including Canada) with 15 abstentions, including Japan and Spain who had supported the Paraguayan motion. The President then put the motion as amended to the vote and it was adopted in a roll call vote by 37 in favour (including Canada) to 10 against with 34 abstentions. (We voted for the motion as amended because we feared that in the confusion the motion for postponement might be lost altogether and because, like the USA, we considered three days would be better than no postponement at all.) As you will see from the verbatim record there was no distinguishable pattern in the voting, either on the amendment or on the motion amended. This confusion in voting was a fitting end to an exercise at the Assembly which was probably ill-advised (from the point of view of the Western Powers) and certainly badly managed.

10. We can only hope that within the next three days and on the assumption that King Saud's initiative would accomplish nothing the USA Delegation will succeed in mapping an effective plan of action. This afternoon we shall be attending a meeting to discuss what we have been told is a firm USA position, which we understand includes a draft resolution.

---

304. DEA/50162-B-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2251 New York, October 23, 1957

SECRET. OPIMMEDIATE.

Reference: Our Tel 2248 Oct 23; Telephone conversation Murray-Holmes Oct 23.
Repeat London, Washington (OpImmediate), Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

Following is the text of USA draft resolution on the Syrian situation:

"The General Assembly,

Having considered the complaint of Syria regarding threats to its security and international peace,

Taking note of communications and statements from members of the UN concerning this question,

Recalling Article 33 of the Charter which provides that parties to any dispute shall first of all seek a solution through peaceful means of their own choice,

Desiring to bring about a reduction of tension in the area,

1. Requests the Secretary-General to undertake informal discussions with representatives of Syria and Turkey, in consultation with such other representatives as may be useful, and to proceed, if necessary, to the countries concerned in connection with the performance of his task;

2. Requests the Secretary-General to report to the General Assembly on his discussions as soon as possible;

3. Calls upon all members to refrain from making any statements or taking any action that might aggravate the situation.

---

305. DEA/50162-B-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2265 New York, October 24, 1957

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: Our Tel 2256 Oct 24.†
Repeat London, Washington (OpImmediate), Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

This telegram is an attempt to summarize the fast-moving events of today concerning the Syrian item. We have been in constant touch with members of the delegations of Australia, NZ, UK, Norway and USA and this evening we spoke briefly to the Secretary-General. The developments were more or less as forecast in our telegram 2256, but tonight we are still not certain about the Arab reaction to the proposal contained in the draft resolution prepared by the USA Delegation. Fawzi is expected to give Lodge the Arab reply tomorrow morning.

2. This morning Bitar called on the Secretary-General. They did not discuss the USA proposal because at that time Bitar had not been informed about it. At the beginning of the conversation Bitar complained vigourously about the machinations of some powers who were trying to throw dust in the eyes of the Assembly and to confuse the issues involved in the Syrian complaint. In this context he referred to Hamilton's report concerning the expected move to have the Secretary-General investigate the Syrian complaints. Bitar angrily characterized this as another device to interrupt the Assembly debate on the Syrian item.

3. With his usual skill the Secretary-General managed to calm down Bitar and to persuade him that the Secretary-General would not be party to any cold war manoeuver or any attempt to deprive a member state of its right to have its complaint heard. The Secretary-General emphasized that he would only become involved in the current matter if all concerned agreed that a "new element" was needed to pave the way for reconciliation of conflicting views. The Secretary-General apparently persuaded Bitar that he could rely on the impartiality of the Secretariat and the latter half of the conversation was much more constructive. Bitar maintained, however, that the minimum which Syria could accept from the Assembly would be an investigation of its complaints either by a fact-finding commission composed of states or by some other UN means. In view of what had been said before the Secretary-General could only interpret this as meaning that Bitar would agree to an investigation by the Secretary-General, although not necessarily as formulated in the draft resolution.

4. The Secretary-General confirmed to us that he was prepared to act in this situation and he seemed reasonably confident that the USA proposal might provide a way out of the current impasse. He agreed that in a sense the situation was not unlike that which existed last October and that perhaps a UN umbrella was required to allow the various interested parties to withdraw somewhat from positions in which they were over committed. We assured the Secretary-General that we had no wish to place him in the difficult position in which he found himself last year when the crisis in Hungary was raging. He showed clearly that he would not want that to happen and he again expressed some confidence in current developments.

5. About noon we were informed by the USA Delegation that Turkey had agreed to go along with the USA proposal. The Turks had expressed some misgivings about the authorization of the Secretary-General to proceed to the area (paragraph 6 of our telegram 2256) but they were prepared to abide by USA judgment as regards the substance of the proposal and tactics. We learned today that the USA had instructed its ambassador in Ankara to approach the Turks concerning the current proposal and to emphasize that it was preferable to having a fact-finding commission which might easily be the outcome of the debate in the Assembly. (Our own view is that a proposal for a fact-finding commission along the lines of the Egyptian text might receive sufficient support because it would have considerable appeal for a great many member states and because it would be difficult to vote against it.)

6. The Turkish representative has been canvassing vigourously all day to get speakers for the debate tomorrow. His government does not wish our draft resolution to be voted upon until after the election. The Turk argument is valid that no government could be expected to take a position in a matter of this importance just before an election.

7. Fawzi saw Lodge in the early afternoon. They first discussed the proposal to employ the Secretary-General in broad terms. Fawzi wished to know, before he had seen the USA text, whether the Secretary-General would have a specific mandate from the Assembly or whether he would be acting under the responsibilities given to him by the Charter. Fawzi was plainly interested in having the Secretary-General Act under a specific mandate. Fawzi also wanted to know whether the Secretary-General would have any advisory group (presumably along the line of the Advisory Committee on UNEF). Lodge replied that he had no specific proposal of this kind in mind but that he would assume that the Secretary-General could consult with any interested party.

8. Since Fawzi seemed receptive to the whole idea, Lodge showed him the draft resolution. Fawzi's main comment concerned the word "informal" which describes the

discussion which the Secretary-General would be requested to hold with the interested parties. Fawzi said that he was not sure whether this word would be helpful or harmful. He would have to seek Syrian views on this point and indeed on the whole proposal. As a minor improvement in the resolution Fawzi suggested in the final operative paragraph "calls upon" might be changed to "requests."

9. Fawzi made another suggestion which we consider rather significant. He said that King Saud's offer must be gracefully dealt with in the forthcoming debate. Moreover, the proposal contained in the draft resolution should not be seized upon as a means for stifling or diverting the debate. Lodge emphasized that as far as the USA was concerned, King Saud's offer still stood and that the alternative proposal was contingent on a clear demonstration that Saud's generous initiative would not bear fruit. Fawzi agreed to consult with Bitar and with other Arab representatives and to let Lodge know their reaction.

10. Lodge then saw Malik of Lebanon and showed him the draft resolution. Malik did not seem too well disposed to it. He insisted that the USA should continue to promote the Saud's initiative and arrange for a draft resolution welcoming it and calling upon the parties concerned to cooperate. Malik had just come from a meeting of the Arabs in which Shukhary of Saudi Arabia announced that he had received instructions to state in the Assembly tomorrow that King Saud's offer stood and that it was an offer of good offices rather than mediation. It has, of course, been incongruous that no Saudi Arabian representative has spoken in the Assembly about Saud's initiative. By nature Shukhary would not have been disposed to do so. Belaunde who today lunched with the Arabs has been peddling the idea of a resolution endorsing Saud's initiative. At first glance this would seem to complicate matters unnecessarily and for this reason the USA has been urging those interested to endorse King Saud in their speeches rather than in a formal proposal.

11. There has not been much opportunity to consult with either India or Pakistan on current developments because they are too preoccupied with preparations for the resumed debate in the Security Council on Kashmir. We sense that the Indians are not too anxious to become closely involved in the Syrian affair. Menon, however, in the Commonwealth meeting on October 23 showed clearly that he would not stand aside if efforts were made to choke off the debate or otherwise to thwart the Syrians. On the other hand, we understand that last Sunday when Gromyko talked about the toughness of the Soviet attitude to the Indians, Indonesians, Egyptians and Syrians, Menon urged restraint and so did Fawzi. We are reliably informed that Fawzi is fed up with the Soviet performance here and in the Mideast and this sentiment he extends to the Syrians.

12. Because of Hamilton's story we were able to ask a Soviet representative about the idea of involving the Secretary-General in the Syrian matter. We asked what the Soviet reaction might be and were informed that if the proposal were acceptable to the Syrians and the other Arabs, the USSR would not object. This tends to confirm other sound indications we have had about the Soviet attitude.

13. In this connection you may be interested to know (and this information should be fully protected) that the Poles (the Foreign Minister and Michalowski) expressed to the Secretary-General extreme anxiety about what the USSR might do next in the Mideast. They mentioned the possibility of staged provocation of the Turks. They referred to Rokossovsky's appointment and showed genuine concern about Soviet intentions in the area. This expression of Polish nervousness is surely one more reason for dealing carefully with the Syrian item here.

14. Today Lodge also met the Japanese Foreign Minister and gave him some account of USA thinking on the Syrian item. They did not, however, discuss the draft resolution. In a

meeting this evening Lodge suggested, and we agreed, that the Canadian Delegation might approach the Japanese about co-sponsorship and about launching the draft resolution in the debate. These were both our suggestions and we believe there are very good reasons why the Japanese should launch the move. We and the other co-sponsors would make supporting statements.

15. This brings us to the problems of tactics which were discussed this evening with the USA and Norwegian Delegations. However, since this telegram is already too long, we shall deal with that meeting and related matters in a separate telegram.

---

306. DEA/50162-B-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2267 New York, October 24, 1957

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Our Tel 2265 Oct 24.
Repeat London, Washington (OpImmediate), Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

1. This evening Lodge organized a meeting with the Norwegians and ourselves to report on developments during the day and to discuss tactics for dealing with the draft resolution. We regret that we did not make clear in our earlier telegram that the USA would not be co-sponsoring the draft resolution. Lodge agreed with Engen and Murray that it would be preferable for the USA not to be associated with the move.

2. Before our meeting Lodge had discussed the draft resolution with the UK Delegation. As we explained in an earlier telegram, the UK Delegation, though not opposed to involving the Secretary-General in the Syrian matter, would prefer that he should be requested only to keep the situation under review and should not, among other things, visit the area. In speaking to Lodge, the UK officials argued that the draft resolution went further than was necessary and that in any event it could be strengthened, if pressure developed, during the debate. What must be recognized, however, and Lodge pointed this out to Noble, is that the current proposal should be palatable for all the interested parties and should have enough substance to meet the Syrian complaint that there is a situation which requires investigation. There is no doubt in our minds that a great many members, and particularly the smaller states, would sympathize with Syria. On this score our assessment is that many members might agree with a proposal for establishing a fact-finding commission. The plain fact is that if the alternative proposal concerning the Secretary-General were not sufficiently attractive, it would be rejected by the Syrians and the Arabs as a whole, and the Assembly would probably be faced with a resolution recommending a fact-finding commission. In those circumstances, that resolution could be adopted. Accordingly, UK arguments about voting down proposals for investigation are unrealistic and we have no hesitation in agreeing with Lodge that our draft proposal should contain the essential elements which would make it a respectable alternative.

3. Lodge reported briefly on his discussions with Fawzi. He was aware, of course, that USA officials had already briefed the Norwegians and ourselves. His impression was that Fawzi had "liked" the draft resolution. He was satisfied that Fawzi would do his best to sell the proposal to the Syrians and he seemed confident that Fawzi would not be party to any attempt at double-cross. What Lodge did not know, and nobody at the meeting wished to enlighten him, was that the Norwegians had effectively softened up the Egyptians before Fawzi's meeting with Lodge. The Egyptians were grateful for this demonstration of confidence in them.

4. Lodge spoke also about his conversations with Charles Malik and Fujiyama. All these conversations have been dealt with in a preceding telegram. Lodge agreed with us that Japan should be approached to act as co-sponsor and also to launch the proposal. Messrs. Nesbitt and MacKay spoke to Matsudaira this evening. We also undertook to approach the delegation of Ghana and suggested that this could be linked with Nkrumah's interest in a Commonwealth initiative. The Norwegians said that Denmark would like to co-sponsor the move. The Norwegians will approach the Tunisian Delegation because they and we were impressed with Slim's performance in the General Committee when the Syrian item was first discussed. The USA Delegation will deal with the delegations of Paraguay and Peru. This group with Canada and Norway would be the co-sponsors, although there is a distinct possibility that more might be added if the proposal should prove acceptable to the Arabs.

5. As matters stood tonight, the draft resolution would probably be submitted to the Secretariat prior to the Assembly meeting tomorrow afternoon. The proposal would be on the table but it might not be formally submitted to the Assembly at tomorrow's meeting, unless there should be only a few speakers in that debate. In any event, the draft resolution will not be pressed to the vote until a later meeting. We assume that the Turks will be successful in organizing sufficient speakers to exhaust the debating time tomorrow.

6. Lodge suggested that we should oppose any move to have the debate continue during the weekend. There would be sufficient reason for not doing so. Delegations would welcome an opportunity to study the proposal contained in our draft resolution. King Saud's initiative might be still hanging fire. The need for great haste in the Assembly proceedings had not been demonstrated.

7. It may be desirable, however, formally to introduce the draft resolution. If the Japanese should agree to take the lead, we would expect to make our supporting statement shortly thereafter. It would be in our own interests and in the best interest of the manoeuvre for us to be formally associated with it at the earliest opportunity in the debate.

8. These tactics are, however, largely dependent on two developments. (a) the reaction of the Arabs, including the Syrians, to the draft resolution; and (b) the response to King Saud's initiative. The USA would not wish to press forward with our alternative until it was clearly demonstrated that King Saud's move had been of no avail. These and other matters will be discussed at a further meeting tomorrow about noon. In addition to the Norwegians and ourselves, Lodge will invite the Japanese (who have now agreed to co-sponsor the proposal).

307. DEA/50162-B-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM ME-230 Ottawa, October 25, 1957

SECRET. EMERGENCY.

Reference: Your tels 2251, 2265 and 2267.
Repeat London, Washington, NATO Paris, Paris (OpImmediate) (Information).
Repeat Cairo (Priority)
By Bag Ankara, Beirut, Tel Aviv from London.

SYRIAN SITUATION

This is to confirm the telephone conversation authorizing you to co-sponsor the resolution set out in your telegram 2251 provided that Japan is prepared to launch it in the Assembly and that Turkey and the principal Arab states are prepared to support it. We would of course welcome the addition of Tunisia and Ghana and any important Afro-Asian nations to the list of co-sponsors. We agree that the text might be improved by deleting the word "informal," which adds nothing to the meaning of substantive paragraph 1, and by including in the preamble some such phrase as "notes with approval the helpful and continuing offer of good offices made by King Saud."

2. Strengthened in this way, we think the resolution will still be acceptable to Turkey and made more palatable to the Arab states.

3. The main virtue of the US proposal is that the Secretary-General's role is itself of a fact-finding nature and might even lead subsequently to the creation of additional fact-finding machinery on his recommendation. As it is clearly the attitude of a large number of delegations that the fact-finding element should be preserved and as the Canadian Government has gone on record as being in favour of it, we are anxious that this feature should be protected.

4. This might best be accomplished in the statement you make when announcing your co-sponsorship and it might therefore be well not to speak too soon after the Japanese in order to afford you an opportunity of assessing the general reaction of the Afro-Asians. If, as we suspect, there is a general move to establish more clearly the need for fact-finding machinery you might include a statement along the following lines in your remarks:

"The Secretary-General may feel that further consideration will have to be given to the situation on completion of his mandate. Indeed as he is being asked to discharge that mandate 'as soon as possible' it should not be expected that he could solve all outstanding problems. In the view of the Canadian Delegation the Secretary-General's mission should not be restricted by interpretations placed on the resolution at this time. As far as the Canadian Delegation is concerned, no such limitations are placed on the Secretary-General's mission, and we would be willing to consider favourably any recommendation the Secretary-General would put forward to the Assembly not excluding, if he deems it necessary, the setting up of new machinery, within the UN framework, further to consider the dispute."

[S.E.] SMITH

308. DEA/50162-B-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2280 New York, October 25, 1957

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Our Tel 2267 Oct 24 and your Tel ME-230 Oct 25.
Repeat London, Washington (OpImmediate), Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

Events today continued to move with extreme rapidity and, as you know, we were obliged to report several times by phone. Concerning your telegram ME-230, at a meeting this morning with representatives of USA, Norway, Denmark, Japan, Spain, Paraguay and Peru we agreed to co-sponsor the draft resolution contained in our telegram 2251 October 23 with the word "informal" deleted from the first operative paragraph and with the word "requests" replacing "calls upon" in the third operative paragraph. At an earlier stage we had considered the inclusion of some reference to King Saud's initiative but discarded this idea because it might complicate the procedure envisaged in our draft resolution, which procedure was to have effect only after King Saud's offer had proved to no avail. It was envisaged that suitable references to King Saud's initiative would be included in the statements of the co-sponsors.

2. Earlier this morning the Japanese informed us that they would not only co-sponsor the draft resolution but launch it in the Assembly. The text had the approval of Turkey and was acceptable to the principal Arab states, with the possible exception of Syria. You will see from the following paragraphs, however, that Arab support for the proposal might be subject to considerable clarification. In the prevailing circumstances we considered that we were within the provisos contained in your telegram ME-230, which reached us some time after the draft resolution had been placed in the hands of the Secretariat.

3. We approached the delegation of Ghana about co-sponsorship. They assured us that they would support the draft resolution but that they would have to consider the question of sponsorship. The Tunisian was absent in Washington therefore his delegation could not be consulted. However, in the circumstances which will be described in this telegram the grouping of co-sponsors might not be too significant.

4. Lodge saw Fawzi this morning and he confirmed what he had told the Secretary-General last evening, that is, that he had been unable to persuade the Syrian Delegation to accept the proposal for involving the Secretary-General in the Syrian situation. Fawzi was persuaded that Bitar was ready to accept the proposal but Zeineddine (said to be a follower of Serraj) would not. It was Zeineddine who last night told the press that any proposal concerning the Secretary-General would be unacceptable. Fawzi explained that the Syrians were under pressure from the Soviet Delegation to put forward a draft resolution recommending the establishment of a fact-finding commission (probably not unlike the Egyptians had been urging the Syrians not to advance this proposal).

5. Fawzi and Lodge frankly discussed whether our draft resolution should be tabled. Fawzi urged Lodge "not to press to hard nor too fast." Even if a draft resolution concerning the Secretary-General should be tabled today, no effort should be made to hasten the voting on the proposal. Fawzi cautioned Lodge against taking any action which might jeopardize the Secretary-General's standing among the Arabs. The implication was that at this stage at least the Arabs should not be required to take positions concerning a proposal involving the Secretary-General.

6. Lodge pointed out that if the Syrian or Soviet Delegations should submit a draft resolution concerning a commission, the one concerning the Secretary-General should be advanced at the same time rather than be made to appear as a reaction to any Syrian-Soviet move. Fawzi acknowledged the validity of this argument but he suggested that our draft proposal might simply be described in a statement by one of the co-sponsors, rather than be tabled today. Lodge gave the impression that Fawzi would not be too disturbed even if our draft resolution should be tabled.

7. Fawzi gave Lodge a further indication of Egyptian impatience with the attitude and tactics of the Soviet Delegation and of some of the Syrians. Fawzi said that the Soviet bloc were making far too much noise about the situation in the Mideast and the Western speakers were perhaps too quiet. Reverting to the two proposed resolutions Fawzi wondered whether they might be combined. Lodge flatly rejected this and gathered that Fawzi expected him to do so. Fawzi stated frankly that he would probably publicly support the Syrian resolution but it was his hope that it would not be pressed to the vote. He foresaw the possibility that the debate might end with no resolution at all. In any event, the Assembly should not be stampeded into action in either direction.

8. On the basis of this conversation with Fawzi, Lodge believed that we should take steps to have our draft resolution submitted to the Assembly. After the meeting of co-sponsors this morning we handed the text to Cordier with instructions that it should not be tabled until Engen had personally given the green light. At the same time Engen discussed the proposal and the latest developments with the Secretary-General.

9. About noon the Arabs met to discuss the debate which would be resumed in the afternoon. Apparently there was considerable opposition to the launching of a Syrian draft resolution concerning a commission. In the two hours before the opening of the debate, speculation ran wildly in all directions about whether the Syrians would act. We and the Norwegians kept in close touch with the Egyptians and the Secretary-General throughout this period.

10. Just before the resumption of debate, it emerged the Syrians were not likely to introduce their resolution if we did not introduce ours. Fawzi urged Engen not to act precipitately and the Secretary-General concurred. The Secretary-General is convinced that the Soviet Delegation have been pressing the Syrians to introduce their resolution in the expectation that it would be defeated in the Assembly (and if there were two draft resolutions before the Assembly, the Syrian text might well be defeated). The USSR would hope to demonstrate by these tactics that it was the Soviet bloc and not the Western Powers who were the true friends of the Arabs and that the blame for the failure of the whole manoeuvre could be attributed to Turkey because it would not receive a fact-finding commission. The Secretary-General probably has good reasons for reaching these conclusions. Fawzi confirmed to Engen that the Soviet Delegation had been exercising the strongest pressure on the Syrians to introduce their proposal and Fawzi had enlisted the assistance of Menon to persuade the Syrians not to play the Soviet game.

11. During the day we discussed developments with Lall who confirmed our impression the Indians would prefer to keep clear. They are preoccupied with Kashmir and disarmament. They have no wish to dabble in a matter which involves cold war manoeuvres as well as a split in the Arab ranks. Lall is not sure that an intervention by the Secretary-General would be acceptable to the Syrians. In a separate consultation we learned that the Egyptians would be trying in Damascus to persuade the Syrians to accept the Secretary-General, though he might not unnecessarily act under an Assembly mandate.

12. This is the direction in which the wind is blowing tonight. The two draft resolutions are in a state of suspension particularly because of an understanding that ours will not be put forward unless the Syrians (or the Russians) advance theirs and vice-versa. This arrangement was confirmed to us by the Egyptians during the course of the debate this afternoon. There is a possibility that neither resolution will be tabled. The current manoeuvre is that the Secretary-General might make a brief statement which would indicate his readiness to look into the situation and to act as he saw fit under the powers given to him by the Charter. Conceivably the debate could end on this note, even if the draft resolutions were to be tabled, because the likelihood is that neither proposal will actually be put to the vote. The Egyptians are determined to prevent a vote on the Syrian proposal and we and our co-sponsors have, of course, no interest in pressing our proposal, if the Secretary-General is prepared to act without a mandate.

13. With the benefit of hindsight, we can now correctly interpret Fawzi's opening question to Lodge on October 24 (paragraph 7 our telegram 2265). Lodge's interpretation then was that "Fawzi was plainly interested" in having a specific mandate. The opposite was of course true but Lodge, who has not had much experience in dealing with Fawzi, missed the point.

14. We shall report tomorrow on the debate in the Assembly the highlight of which was a blistering attack by Lodge on the Soviet Union for its part in this whole affair. The USA statement was well prepared and well delivered. Following the advice which the Secretary-General had given him a few days ago, Lodge skillfully avoided criticism of Syria and without the violence of Gromyko's remarks effectively tore apart the Soviet arguments and propaganda. The Syrian who had asked to speak after Lodge first moved lower down on the list and later deleted his name altogether. The debate adjourned after we and the USA Delegation, in consultation with the Egyptians, had primed Munro to announce that the debate would be resumed on Monday. His tact on this occasion was well beyond our expectation and was received without a murmur in the Assembly.

---

309. DEA/50162-B-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2328 New York, October 30, 1957

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Our Tel 2312 Oct 29†.
Repeat Washington (OpImmediate), London, Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

Some time after our telegram 2312 was despatched last evening there were several new developments:

(a) Fawzi reported to Engen that he had been unable to persuade Bitar to accept the formula for ending the debate simply with a brief statement from the Secretary-General. Bitar insisted that he must introduce his draft resolution calling for the establishment of a fact-finding commission. According to Fawzi, although Soviet pressure on Syria had relaxed considerably, Bitar needed to table his draft resolution in order to protect his position at home. Fawzi was reasonably hopeful that he could persuade Bitar not to press his draft resolution to the vote. Fawzi was left with the impression that the Syrian resolution would be submitted to the Assembly at the opening of the debate on October 30.

(b) Fawzi agreed that our draft resolution should also be submitted, in accordance with the previous understanding. He suggested, however, that the Secretary-General's mandate should be placed squarely in the context of his responsibilities under the Charter and not fixed in any way by the resolution itself. His opinion was that, if the Syrians should agree not to press their draft resolution to the vote but if they should insist on having some resolution, they would be able to live with our draft resolution if revised as suggested by Fawzi. It was still possible, however, that the Syrians would be content merely to have both resolutions tabled and to have the debate terminated with a statement from the Secretary-General. After speaking to Fawzi and consulting with the Secretary-General, Engen met with Lodge to discuss the rewording of our draft resolution. Immediately afterward Engen met with us.

(c) After his discussion with Engen, Lodge met with the principal members of the UK Delegation who argued first against the submission of any resolution from the Western Powers. They took the line that we and our supporters were strong enough to vote down the Syrian resolution. As an alternative, the UK Delegation suggested that they and others (they mentioned Italy) might introduce a draft resolution which would take note of the Turkish assurances and the offer by King Saud and which would urge the parties to get together to discuss their differences. Apparently Lodge was not enthusiastic about the UK suggestion for a resolution but he seems to have been impressed by their arguments about the voting strength of the West in the Assembly.

2. Last night we had a long conversation with Engen about these new developments and also with a member of the USA Delegation. We were agreed that we should go ahead with our draft resolution if the Syrians introduced theirs. We and the Norwegians believed that we had impressed on the USA Delegation over the past few days the desirability of having before the Assembly some alternative proposal to one involving a fact-finding commission. This has, of course, become all the more desirable during the past few days because of the relaxation of tension in the area and the dissipation of the heat in the Assembly debate. If there had ever been any urgency about the Syrian complaint, it could certainly be demonstrated now that the situation had altered for the better.

3. Early this morning, somewhat to our surprise, we were informed by the USA Delegation that Lodge was coming around to the view that we should perhaps not submit our own resolution but simply vote down the Syrian proposal. This not only demonstrated his faulty assessment of the Assembly reaction to the Syrian item but his disregard of the obvious fact that the Russians could still benefit, especially in Arab quarters, from the defeat of the Syrian proposal (and of course to take the line that Lodge was contemplating would be to place in jeopardy any long-range possibilities for a serious UN initiative in the Mideast in a broader context). We and the Norwegians met with Lodge early this morning and found

that at the most he was prepared to see submitted a watered down version of the text which we had discussed the night before. Mr. Nesbitt and Engen had begun to express their misgivings about Lodge's new draft when the remaining co-sponsors (less Peru) joined the meeting. Their comments, but particularly those of the Spaniard and the Latin Americans, confirmed what we and the Norwegians have been arguing throughout that Assembly support for the Syrian proposal might be formidable and it was by no means a safe conclusion that the Syrian resolution could be voted down, although it might not gain a two-thirds majority.

4. The Norwegians, Danes and ourselves pointed out that a vote on the Syrian proposal would put us in a difficult position and that therefore it was essential for us to submit an alternative proposal which had some substance. The Latins took a similar line and insisted that the text to be submitted must contain a reference to the possibility of a visit to the area, even if this should be placed within the context of the Secretary-General's responsibilities under the Charter. As a result of this meeting, which had its hectic moments, the following single operative paragraph emerged:

"Expresses its confidence that the Secretary-General, in the exercise of his responsibilities under the Charter, and without prejudice to efforts being made under Article 33, will be available to undertake discussions with representatives of Syria and Turkey, in consultation with such other representatives as may be useful, and can proceed, if necessary, to the countries concerned in connexion with the performance of his task." Before the meeting broke up we learned that the Syrian draft resolution had been submitted to the Secretariat and would shortly be circulated. We agreed to proceed with our own draft resolution and to accept that our text should be submitted later in time than the Syrian one. Although we knew that this would give the Syrian proposal numerical priority, we were reasonably confident that with both proposals on the table we could obtain through an Assembly vote priority for ours. The co-sponsors agreed also that Japan should introduce our draft resolution and we stated that Canada would be speaking in support.

5. Engen then went to show the new text to the Secretary-General and to Fawzi. We submitted it to Cordier of the Secretariat with an explanation of how matters stood. (Later in the day we gave a full explanation to Munro.) By then the Syrian (Zeineddine) was addressing the Assembly, had introduced his draft resolution and stated that it would not be pressed to the vote "today." After an intervention by Haiti, Menon spoke. We were reliably informed that he had a proposal up his sleeve but when he saw ours, which reached his desk just before he was called to speak, he apparently decided not to make any formal proposal. He spoke about the desirability of the parties getting together to decide whether further steps should be taken to assist them in reconciling their differences. The rumour continued today that India would propose that the Colombo Powers should offer to mediate but nothing concrete of this kind emerged.

6. Noble (UK) in a brief intervention called the Assembly's attention to reports in the press about a statement attributed to Khrushchev concerning the relaxation of tension in the Mideast. Then Japan, with an able statement, introduced our draft resolution. Mr. Nesbitt followed with the Canadian statement,[67] the text of which was contained in our telegram 2319 October 30.† Having consulted with the Syrians we recommended to Munro that the debate be adjourned until tomorrow morning.

---

[67] Voir Canada, Ministère des Affaires extérieures, *Affaires extérieures*, vol. 9, N° 11, novembre 1957, pp. 339 à 340.
See Canada, Department of External Affairs, *External Affairs*, Vol. 9, No. 11, November 1957, pp. 338-339.

7. In the meantime we learned that Fawzi saw no harm in our draft resolution as revised and he continued to be hopeful that he could "consolidate" the Syrian position on voting. This he explained to mean that the Syrians would neither press their own resolution to the vote nor expect ours to be voted upon. Fawzi was to continue his efforts at "consolidation" this afternoon. We have made arrangements to hear the result as soon as it becomes available.

8. In addition, the Egyptians seemed unperturbed by the Canadian statement. Riad said that it was "okay." Most of our close friends expressed satisfaction about the statement but particularly the UK and USA. We had of course shown them the text shortly before it was delivered.

9. The situation tonight appears as follows:

(a) Fawzi could succeed in persuading the Syrians that neither of the draft resolutions should be pressed to the vote but that the Secretary-General should wind up the proceedings with a brief statement. Our impression is that this result would be generally preferred.

(b) The Syrians could agree not to press their own draft resolution to the vote but seek for domestic purposes to have our proposal adopted by the Assembly. This should not give us any difficulty and the likelihood is that a substantial majority would support the text.

(c) The Syrians could hold out for a vote on their own resolution (we regard this as an extreme possibility). In this event, we would move to have our draft resolution voted on first, notwithstanding the order in which the proposals were submitted. We would probably win priority and our draft resolution would be adopted, although perhaps with a reduced majority. Then to head off a vote on the Syrian proposal, we would move that it be not put to the vote (Rule 93). Although this might be regarded as rough treatment, in all the circumstances we could probably muster the required majority.

(d) If in extreme circumstances the Syrian proposal should be put to the vote (and from all that has been said we do not expect this), we could presumably abstain on grounds such as: the indications that the situation was no longer urgent; our preference for our own proposal; and our conviction that if the parties could not agree to employ the good offices either of King Saud or of the Secretary-General, they would be unlikely to reach an effective agreement on the establishment of a fact-finding commission. We might be required to do some careful arithmetic, however, to ensure before deciding to abstain that the Syrian proposal would not be adopted. Our assessment tonight is that it would not. We should be glad to have your views on this extreme but possible situation.

10. Information about Fawzi's efforts to persuade Bitar has gained fairly wide circulation here and has probably reached the ears of the press. We fear that if the press should make too much of Fawzi's role, he might not only be embarrassed but he would have a more difficult time with Bitar. This is a complicating factor which could only be assessed in the light of tomorrow's newspapers.

310. DEA/50162-B-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2345 New York, October 31, 1957

SECRET. CANADIAN EYES ONLY. EMERGENCY.
Reference: Our Tel 2335 Oct 31†.
Repeat Washington (OpImmediate), London, Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

As we reported by phone, sudden developments late this afternoon made it unnecessary for us to make tactical arrangements for meeting the contingencies mentioned in paragraph 9 of our telegram 2328 October 30. After about four hours of feverish consultation and negotiation, involving the delegations of Norway, Canada, Japan, USA, Egypt and Syria and the Secretary-General, Bitar informed Engen that Syria would not press its draft resolution to the vote on the understanding that the Seven Powers would not press theirs. Bitar, accompanied by Zeineddine who did much of the talking, suggested that Indonesia might open the debate tomorrow morning by urging both sides not to press their proposal to the vote. The Syrians would then indicate that they would not ask for a vote, whereupon one of the seven co-sponsors (Engen has agreed to do so) would follow suit. The debate would end at this point. Apparently the Syrians did not wish the Secretary-General to intervene.

2. Early this morning Matsudaira informed us that word had been received from the Japanese chargé in Damascus that the Acting Foreign Minister had indicated to the Japanese that Syria was prepared to accept the formula suggested for ending the debate without a resolution. The Japanese were in some doubt about this report, however, because Khaled Azm was reportedly in favour of accepting King Saud's offer of mediation. The position of Hourani was uncertain.

3. In these circumstances we were not quite sure how matters would develop here but we were not long in finding out. Various Syrians began putting pressure on the Japanese to accept some "compromise" draft resolution. Zeineddine seemed to be behind the move. The Japanese firmly resisted this pressure, even though the suggestion was made that they had acted improperly by agreeing to co-sponsor our draft resolution without consulting the Afro-Asian group (this appears to be a new concept even in Afro-Asian circles). Matsudaira replied that he had consulted the Arabs principally concerned (meaning Fawzi) before agreeing to co-sponsor.

4. About the same time a rumour spread rapidly that Menon was pursuing his ideas (unspecified) for resolving the Assembly debate. We were unable to confirm this but we have some reason to believe that Menon was standing in the wings. In order to head him off, we informed a member of the Indian Delegation that as far as Canada and Norway were concerned (we had agreed on this with Engen), our present draft resolution was sufficient to meet the requirements of the parliamentary situation and that we would probably not participate in any further manoeuvring in the Assembly. We firmly believed that the matter should be dealt with, one way or another, on November 1.

5. About noon Munro informed us about a Syrian approach to have a further adjournment of the debate "for a few days." Curiously enough it was a member of the Saudi Arabian Delegation, a friend of Munro, who informed him that Bitar would like to express his thanks for the twenty-four hour postponement granted last evening. Bitar and Zeineddine arrived and the latter immediately argued emphatically for a further postponement on the grounds that the situation required further study and that perhaps a compromise formula could be found. Munro gave as his opinion that a further postponement seemed pointless; and that the Syrian proposal for a fact-finding commission would probably fail to be adopted because of the Assembly's preference for our draft resolution. Zeineddine acknowledged this but spoke vaguely about a "third proposal." Munro sensed the hand of Menon but he and Munro have been feuding during this session. Munro told the Syrians he would have to consult with the co-sponsors of our draft resolution and with other delegations.

6. We informed Munro that Engen would be consulting with Fawzi immediately after lunch and that our reaction to the request for a further postponement should probably be delayed until we had heard Fawzi's latest views. We indicated that our preliminary reaction would be to oppose a further adjournment and Munro agreed with this. He said that the Secretary-General considered that further postponement would be unhelpful and perhaps unwise. (The Secretary-General had taken the same line with Engen and agreed with his view that the seven co-sponsors should stand firm on having their proposal dealt with on November 1.)

7. Engen saw Fawzi and at once informed him about the Syrian request for a further postponement. Fawzi showed surprise and Engen sensed that Fawzi had not been consulted about the Syrian move. Nor had the Egyptians been invited to a meeting of the Arab group to discuss the "new situation." Engen explained that the delegations of Canada, Norway and the USA firmly believed that the exercise must come to some end tomorrow. We all hoped that the conclusion would be along the lines previously discussed with Fawzi, but we were determined to wind up the proceedings. Fawzi agreed wholeheartedly and at once spoke to Bitar, before the latter met with the other Arabs.

8. Fawzi felt unwell this afternoon and had to leave UNHQ. Before doing so he suggested that Engen should meet with Bitar and Zeineddine, with Loutfi (Egypt) present. Zeineddine opened with vigorous arguments for a further adjournment but when Engen made clear that the delegations of the USA, Norway and Canada would insist on no further delay in the proceedings and would press for consideration of the proposals now on the table, Zeineddine apparently gave up the fight. Bitar then suggested to Engen the formula for tomorrow's proceedings, contained in paragraph 1 of this telegram.

9. Engen immediately informed us and shortly afterwards we and the Norwegians met with the USA Delegation. They were pleased to hear the result of Engen's discussion with Bitar and Lodge gave us a short sermon on the merits of adopting a position and holding to it, apparently forgetting his own performance yesterday morning (paragraph 3 of our telegram 2328 October 30).

10. If the agreed arrangements do not come unstuck, the Assembly proceedings tomorrow morning should be brief. The result will be even better than we had expected because the Secretary-General will not be committed to do anything. At the same time, in view of the debate and the tabling of our draft resolution, he would be justified in taking action, consistent with his responsibilities under the Charter, if he should see fit to do so. There are many other interesting and perhaps important conclusions which can be drawn from this Syrian exercise and we shall try to provide you in the very near future with an analysis. In

the meantime we shall keep our fingers crossed. About 11:30 tomorrow morning we hope to be able to report by phone on the outcome of the Assembly proceedings.

[W.B.] NESBITT

---

311. DEA/50162-B-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 2354 New York, November 1, 1957

SECRET. OPIMMEDIATE.
Reference: Our Tel 2345 Oct 31.
Repeat Washington (OpImmediate), London, Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Beirut, Tel Aviv from London.

SYRIAN SITUATION

The Assembly debate this morning developed more or less as anticipated. Before the meeting Engen and Matsudaira met with representatives of Indonesia, Syria and Egypt to complete arrangements for winding up the Assembly debate on the Syrian item. They agreed that Indonesia would request the sponsors of both resolutions not to press them to the vote and then Engen and Bitar would respond. Some complications developed immediately before the meeting because Turkey, Iraq and Saudi Arabia indicated a desire to speak. After some scurrying around, the USA and UK Delegations were marshalled in force to restrain Sarper and then later Shabandar of Iraq. As well, Engen tried to persuade the two concerned that their interventions might upset the painfully arranged formula for concluding the debate. Shukhary of Saudi Arabia had apparently agreed not to speak unless Shabandar did.

2. In the event the set-piece statements were made in the expected order. Some of the remarks by Bitar caused Sarper, who had reluctantly agreed not to speak, to seek the floor immediately after Bitar. Sarper came very close to irritating the Syrians and perhaps if more time had been allowed Zeineddine might have sought to reply. However, since Iraq and Saudi Arabia scratched their names from the speakers' list and when the Liberian, who had added his almost unnoticed, had been warned off, Munro spoke tactfully about the successful outcome of the Syrian debate and passed on to the next item. The Indonesian and Syrian representatives had made noises about the Assembly remaining seized of the question but we shall probably hear nothing more about it, unless there should be some drastic change in the actual situation.

3. Noble, Dixon and other members of the UK Delegation expressed great satisfaction about the outcome of the proceedings which was "exactly what we wanted." There seemed to be a general sense of relief that the matter was out of the way. The Secretary-General told us this morning that the exercise should be dubbed "operation parachute" and that although it had been a painful process, it was his impression from conversations with Fawzi that the quiet conduct of the matter here could lead to a strengthening of UN influence and the Secretary-General's hand in future dealings with the Arab governments. We may have more to say about this when there has been time for reflection.

312. DEA/50162-B-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures[68]

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs[68]

TOP SECRET. CANADIAN EYES ONLY. [Ottawa], November 12, 1957

IMPLICATIONS OF THE SYRIAN DEBATE IN THE UNITED NATIONS

You have probably not yet had time to study in detail the daily reports submitted by the Canadian Delegation to the General Assembly on the progress of the Syrian debate which ended on November 1. An analysis pointing out some of the implications of this artificially stimulated crisis is now in the course of preparation. But the whole episode had so many unusual features, not least its surprisingly sudden ending, that it may be some little time before its full significance will become apparent.

2. In the meantime we are anxious that certain tentative conclusions we have reached be discussed with our friends. From the Canadian vantage point the debate demonstrated that the forces of nationalism which are the main impulse behind the political orientation of the Arab states can, in certain circumstances, be mobilized just as readily in halting Soviet penetration as they have been in the past at Soviet instigation in attempting to eliminate "Western colonial domination." The memory of periods of Western control, being so vivid, remains the dominant factor and the Arab world continues to be ultra-sensitive to Western demonstrations of influence in the Middle East. The utmost patience and tact were required during the recent debate in the treatment of the Arab Delegations to avoid reviving anti-Western sentiments at a moment when, for the first time, the dangers of Soviet penetration were being paraded before Arab eyes. The Canadian Delegation therefore worked unceasingly to find a solution which would take some other form than an unsympathetic rejection of the Syrian complaint, as the United Kingdom seemed to prefer. Our delegation acted throughout on the principle that latent fear of too deep a Russian penetration of the Middle East, which the Soviet Union had made apparent through their overzealous espousal of the Syrian complaint, would of its own accord prompt the Arabs to withhold their support of the Syrian complaint provided that in the meantime the Western powers did nothing to inject into the debate selfish objectives which the Arabs might look upon as detrimental to their interests. In varying degrees all the Arabs, including what appears to be a moderate faction amongst Syrian leaders, displayed a new uneasiness about relations with Russia and this was particularly true of Egypt whose Foreign Minister played such a constructive role in the final sidetracking of this item.

3. The United States and the United Kingdom who, in the early stages of the debate, paid lip-service to their willingness to play along with the Syrian demand for a commission of investigation, at a later stage revealed themselves to be unalterably opposed to such a course, even to the point where they would have rallied a two-thirds majority to vote any such proposal down without offering to the Arabs, in return, the satisfaction of alternative Assembly action. The fact that the debate ended without recommending specific Assembly action may well obscure in the eyes of our senior partners the significant point that this

---

[68] Note marginale :/Marginal note:

Perhaps we should give limited circulation to this memo as well as the tel. [auteur inconnu/author unknown] was accomplished with the acquiescence and connivance of the Arab states themselves, not by riding roughshod over an Arab complaint, for which a two-thirds majority probably might have been mustered. The initial inclination of the Arabs to support the Syrian complaint in the United Nations once it was made was to some extent undermined by the Saud mediation offer, but as the Syrians did not accept the offer the decisive factor in the final outcome was the role played by the Egyptian Delegate, evidently with the authority of his government. The situation would have been very different had Egypt lent vigorous support to the Syrian and Soviet initiative.

4. Egypt's conduct offered further evidence that that country is striving for a neutral place for itself and all the Arabs between the Great Powers, a posture which it considers incompatible with the essentially anti-Soviet intent of the Eisenhower Doctrine. Fundamentally, the Americans, as they have told us, are prepared to settle for Egyptian neutrality provided that they can be satisfied that it is genuine; indeed it would be unrealistic to hope for much more of Egypt in present circumstances. As the Canadian experience of Egyptian thinking was intimate during the recent debate, there might be some virtue in conveying to the Americans an expression of our views as set out in the attached telegram† provided that our Embassy in Washington concurs.

J. L[ÉGER]

5e PARTIE/PART 5

CRISE AU LIBAN ET EN JORDANIE
CRISIS IN LEBANON AND JORDAN

SECTION A

RELATIONS ENTRE LES ÉTATS ARABES ET CRÉATION DU GROUPE D'OBSERVATION DES NATIONS UNIES AU LIBAN (GONUL)

RELATIONS AMONG THE ARAB STATES AND THE CREATION OF THE UNITED NATIONS OBSERVER GROUP IN LEBANON (UNOGIL)

313. DEA/50405-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], February 5, 1958

EGYPTIAN-SYRIAN UNION

The ratification today of the February 1 proclamation by Presidents Nasser and Kuwatly and the subsequent popular referendum will be merely the first steps towards the creation of a detailed framework for the United Arab Republic. Some of the domestic and international implications of the move, such as its effect on Arab representation in the United Nations and possible changes in diplomatic accreditation, are being examined. For the moment, it is perhaps more important to attempt an assessment of the union in the narrower context of its immediate implications for Western diplomacy in the Middle East.

2. Some indication of the United Kingdom position (and inferentially that of the United States) is contained in the attached CRO telegram of February 3† reporting on views said to have been agreed at a meeting of the Council of the Baghdad Pact: it would be unwise for either power to take the lead in opposing the proposed union, and public reactions should be restrained and cautious. This course would appear to have much to recommend it: the rapidity of the movement and the emotional impetus behind it reflect the existence of strong nationalistic and historical impulses which could quickly take on an anti-Western character at the first hint of Western opposition. Arab nationalists have deeply-rooted feelings of resentment because of what they regard as the unjustifiable fragmentation of the Arab world at the close of the First World War, a development for which they hold the West responsible.

3. In the light of the decision to adopt a cautious public attitude, it may not be entirely clear why the balance of the attached telegram indicates a United Kingdom intention to encourage the remaining Arab states to voice opposition to the proposed union — an intention with which, according to this telegram, the United States is in agreement, although confirmation of this has not appeared in reports on direct talks which our Embassy in Washington have had with State Department officials. At this stage we are without full knowledge of the reasons which dictate this initial reaction of the two powers, but we can infer from known United States and United Kingdom attitudes towards, and interests in, the Middle East that the following considerations would have a strong influence on their thinking about the union:

(1) The United Kingdom would regard the consummation of the union as

(a) likely to increase the vulnerability of the West's principal transit routes for Middle Eastern oil, 90 per cent of which passes through Syria and Egypt;

(b) a threat to United Kingdom interests in the oil-producing states because such popular support as is enjoyed by the relatively pro-Western régimes of these states would be further undermined by the powerful stimulus which union would give to the popular urge towards Arab unity; and

(c) as indicated by the last sentence of paragraph 2 of the attached telegram, a significant step towards the consolidation of President Nasser's influence in the region, and a corresponding reduction in the influence of others including the United Kingdom.

(2) The United States, through the Baghdad Pact and the Eisenhower Doctrine,[69] is committed to the support of the régimes in the Arab kingdoms to whose dynasties the popular movement symbolized by the United Arab Republic poses a potential threat. Coupled with this is a recognized reluctance of congressional opinion to countenance United States approval of states which have entered into arms and economic deals with the Soviet bloc

---

[69] La doctrine Eisenhower, avancée à titre d'essai par la Maison-Blanche à la mi-décembre 1956, autorisait le déploiement de forces armées américaines dans tout pays du Moyen-Orient qui demanderait de l'aide contre une agression communiste. Elle a été exprimée officiellement dans le message spécial du président au Congrès sur la situation au Moyen-Orient le 5 janvier 1957. Voir United States, *Public Papers of the Presidents of the United States: Dwight D. Eisenhower 1957*, Washington, D.C.: United States Government Printing Office, 1958, pp. 6 à 16.

The Eisenhower Doctrine, which was tentatively advanced by the White House in mid-December 1956, authorized the deployment of American military forces in any Middle Eastern nation seeking aid against Communist aggression. It was given formal expression in the President's Special Message to Congress on the situation in the Middle East on January 5, 1957. See United States, *Public Papers of the Presidents of the United States: Dwight D. Eisenhower 1957*, Washington, D.C.: United States Government Printing Office, 1958, pp. 6-16.

and whose anti-Western propaganda is viewed almost entirely as a manifestation of pro-Soviet sympathies in the cold war.

4. It is not difficult to comprehend the short-term attractions of promoting regional opposition to the forthcoming merger which may indeed create difficulties for the pro-Western monarchical régimes and possibly also for Israel. It can be cogently argued, however, that opposition to the merger will

(a) intensify internecine rivalry among the Arab states and hence create further instability in the area;

(b) tend to emphasize the division of the area into Western-backed and Soviet-backed groupings (particularly if Yemen federates with the new state) which can only play into Soviet hands;

(c) tend to arrest the move towards Arab unity which is probably inevitable and which may in the long run be the best defence against Soviet penetration. There is indeed adequate evidence that President Nasser, notwithstanding his having turned to the Soviet bloc for arms and economic aid, is seeking to counteract Soviet influence in the area (particularly by the rigorous proscription of communist party activities in Egypt), and in this he has the eager support of the most powerful Syrian political party, the Baath Socialists, who are clearly responsible for initiating and accelerating the steps towards union as a means of escaping from increasing Soviet pressure exerted through some Syrian military leaders and the Syrian communist party; and

(d) in all likelihood, result in charges that the West is interfering in the affairs of the area — particularly, if the pro-Western Arab states set themselves up collectively in opposition to the union.

5. Implicitly the validity of these arguments is acknowledged by the United States and the United Kingdom. Their decision to abstain from public opposition is in itself an admission of the power, and even the inevitability, of the Arab urge towards unity; as is their quiet encouragement of the Arab kingdoms to form a competitive entente which would also attempt to appeal to this fundamental Arab impulse. If, in addition to creating competition for the union, the Arab kings actively oppose it or attempt to encourage internal opposition in Syria, they will paradoxically find themselves allied with precisely those Syrian communist and left-wing elements whose rising influence has been the main cause of Western concern.

6. If you agree with the foregoing analysis,[70] you may wish to authorize a telegram to some of our interested missions giving the general lines of the analysis and indicating that we should avoid adopting a critical attitude towards the union in recognition of:

(a) the strength of the Arab desire to achieve some form of unity;

(b) the undesirability of appearing to interfere in a matter primarily of concern to the two states involved; and

(c) the possibility that the Soviet Union, whose interests are by no means clearly served by the emergence of a large Arab state of fundamentally anti-communist character, may in due course fall out with the new republic.

J.B.C. W[ATKINS]
for Under-Secretary of State
for External Affairs

---

[70] Note marginale :/Marginal note:
I do SE S[mith]

314. DEA/50405-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], March 4, 1958

FEDERATION BETWEEN JORDAN AND IRAQ

The agreement concluded on February 14 between the Kings of Iraq and Jordan for the establishment of an "Arab Union" has now been ratified by the Iraqi and Jordanian Parliaments. A "Federal Legislative Council" and "Federal Executive Council" are to be set up next month, and the formal establishment of the union is expected to be proclaimed by about May 1st.

2. The following are some of the principal features of the projected union:

(a) retention by Jordan and Iraq of their "independent international status" and "sovereignty on their own territory;"

(b) international treaties concluded by either state before the establishment of the union not to be binding on the other state;

(c) unification of foreign policy and diplomatic representation, and of the Jordanian and Iraqi armies;

(d) the removal of customs barriers;

(e) subsequent unification of currency, and consolidation of financial and economic policies;

(f) creation of a Legislative Assembly of 40 members, with 20 from each state;

(g) the King of Iraq to be the head of the Union government, but each king to retain his constitutional powers in his own kingdom;

(h) the capital to alternate between Baghdad and Amman every six months.

3. There are a number of significant differences between the newly projected union and the Egypto-Syrian "United Arab Republic," to which Yemen has now been added in a loose federation. The fact that each state will retain its sovereignty within the Iraqi-Jordanian union and that each king will continue to exercise authority in his own kingdom indicates that both halves of the federation will maintain a substantial degree of autonomy; in the United Arab Republic, on the other hand, the former States of Egypt and Syria have at least in theory completely disappeared. The stipulation, under the Arab Union, that previously concluded international treaties are to apply only to the state which concluded them is a formula intended to permit Jordan to remain outside the Baghdad Pact because of the strength of public feeling against the Pact in that country; it is difficult to see, however, how this provision can be reconciled in practice with the provision for unification of the foreign policies of the two countries. There may also be difficulties arising out of this provision because Iraq, unlike Jordan, has no armistice agreement with Israel; the Israeli Prime Minister said on February 26 that Israel would "reserve freedom of action" if the Iraqi army approached the Jordan river. We understand that unlike the United Arab Republic, the Arab Union hopes to retain two seats in the United Nations, although this would seem incompatible with the provision for unification of diplomatic representation. The fact that the Legislative Assembly will be composed of equal numbers of Iraqis and

Jordanians despite the great disparity in population between the two countries would seem to indicate that this Assembly will not be given any real power over such matters as taxation and economic policy, since it is difficult to conceive of 6 ½ million Iraqis submitting decisions about their vital interests to a virtual veto by 1 ½ million Jordanians. In the Constituent Assembly of the United Arab Republic, on the other hand, the Syrians will be represented by only a quarter of the deputies; even this arrangement gives the Syrians a slightly larger representation than that to which they would be entitled on the basis of population (Egypt 25 million; Syria 4 million).

4. In some respects, the problem of uniting Jordan and Iraq presents less difficulties than that of uniting Egypt and Syria. Although Iraq and Jordan are separated by a desert, they at least have a common frontier, whereas there is no land communication between Egypt and Syria; the fact that the rulers of Iraq and Jordan are both members of the Hashemite Dynasty creates a certain bond between the régimes of the two countries; and the problem of unifying the two currencies and economies will not be particularly difficult, since both countries are members of the sterling area. In the United Arab Republic, on the other hand, the situation is quite different; the Syrian pound is a relatively hard currency and the country has still, in spite of recent agreements with the Soviet Union, a basically free-enterprise economy, whereas Egypt has a tightly controlled currency, a grave shortage of foreign exchange and an economy in which public investment and state enterprise are coming to play a large part.

5. Although the "United Arab Republic" probably faces greater practical difficulties than the "Arab Union," it is important to bear in mind one fundamental distinction between the two federations. Despite the fact that there may well be circles in Syria (e.g. among the merchant class) who have strong doubts about the wisdom of union with Egypt, it seems clear that the United Arab Republic symbolises, for the majority of the population of the two countries, the first stage in the realisation of the popular goal of an Arab nation. What gives the republic its particular power is that with its promise of change and reform it appeals to the Arabs' impatience with their own social and economic backwardness, and with its emphasis on "anti-imperialism" it appeals to the Arabs' resentment against the humiliations of the past.

6. The Jordanian-Iraqi union, on the other hand, lacks these cohesive bonds. It was brought about not because of the desire of the peoples of the two countries for this particular form of Arab unity, but because of the urgent need of the two kings, particularly King Hussein of Jordan, to counter-act the attractions of Arab unity in a manner that would preserve the existing thrones and régimes as far as possible. There had been no official talk of union between Iraq and Jordan in recent months until a matter of days before the Feb. 1 announcement of the formation of the United Arab Republic, and indeed Iraq had been distinctly niggardly in its aid to Jordan's hard-pressed régime. Our sources of information on the state of opinion in Amman and Baghdad are indirect, but it would seem that there are few signs of enthusiasm for the new union so far, and indeed the State Department has gone so far as to express the view that the "bulk of the population" would be reluctant to enter any association established as a countermeasure to the Egyptian-Syrian union. It is to be feared that the shadowy and insubstantial nature of the Iraqi-Jordanian federation will soon become apparent to the people, and that they will realize that no real change in the existing order is to be expected. The rapid economic development of recent years in Iraq has created a new political consciousness among the Iraqi people, who are now coming to think more and more in the same pan-Arab terms as the more advanced Arabs of the Levant and Egypt. Accordingly, rivalry between the competing Arab federations could lead to widespread internal unrest and dissension in the country. It goes without saying that

unrest will be an even graver problem in Jordan, where the King has for some time been governing with the aid of the army against the will of the large urban and refugee elements of the population.

7. Although relations between the Iraqi-Jordanian union and the United Arab Republic started off with initial encouragement from certain elements close to President Nasser in the Egyptian press, and subsequently with a message of congratulations from Nasser to the two Kings, these relations are already starting to deteriorate. From the beginning, the Iraqi and Jordanian régimes have confidentially expressed their hostility to the United Arab Republic, and Iraq has joined with other members of the Bagdad Pact in quietly attempting to discourage other countries from granting *de jure* recognition to the United Arab Republic until the Arab Union is established. There was also considerable public expression of hostility among influential personalities and in the press, in both Iraq and Jordan. President Nasser has now brought the struggle between the two unions into the open by stating in Damascus on February 27 that the "Arab Union" was formed by "imperialist stooges."

8. Future developments will depend, naturally, on the attitude of the Western powers and also on the course of action of the remaining Arab States, notably Saudi Arabia. The United States and the United Kingdom have publicly expressed support for the Union, but have disclaimed any part in its formation; behind the scenes, however, both have been giving considerable encouragement to the Union, and have been attempting to ensure that Iraq's links with the Bagdad Pact will not be weakened in spite of the need of the Jordanian authorities for some sort of concession on this point in order to reinforce King Hussein's domestic position. The compromise eventually reached was that Iraq's membership in the Bagdad Pact would not apply to Jordan (see Para 2(b) above) and that Iraq would "reconsider" its membership in the Pact at the end of the first five years, i.e. in 1960, in accordance with Article 7 of the Treaty.

9. King Saud, although he has extended formal recognition to the United Arab Republic, has privately expressed concern at its formation, but has so far refrained from committing himself in any way to the Iraqi-Jordanian union. It has originally been hoped that he would be one of the Union's constituent members, and the agreement includes a provision for reconsideration of the headship of the union if another state joins it. This provision is obviously designed to encourage Saud to seek membership at a later date, but is offset by a rather tactless preamble to the agreement which expatiates on the glories of the Hashemite past. Furthermore, the flag of the new union is to be the flag of the Arab Revolt at the time of the First World War; this flag is, of course, a Hashemite emblem. (As you know, rivalry between the Saudi and Hashemite dynasties has been one of the chief factors in Middle East politics.) King Saud will probably stand aloof from both new states, profiting as in the past by his position as holder of the balance of power.

10. Lebanon will probably continue to avoid any commitment, both because of a desire to avoid domestic Christian-Moslem strife, and because of a pressing need to protect its access to the Egyptian and Syrian markets.

11. The Iraqis have expressed the hope that Kuwait would join their union, so as to broaden the basis of the union and to compensate for the financial drain which will undoubtedly be caused by Jordan. The Kuwaitis, however, have been cool to the idea, because of the appeal of the United Arab Republic among the population and because of long-standing disputes with Iraq. The U.K. has given relatively little encouragement to Iraqi plans for union with Kuwait, and has mentioned that Kuwait's present relationship with the U.K. should not be impaired. (As you know, the U.K. is responsible for Kuwait's

defence and foreign affairs, and a large proportion of the Sheikh's enormous oil revenues are invested in British securities.)

12. In short, one can see little but difficulties ahead for the "Arab Union." As long as American strategic and British economic interests dictate continued emphasis on Iraq's membership in the Baghdad Pact, the "Arab Union" and the "United Arab Republic" will remain in diametrically opposed camps, and tension will continue. It would seem that in the battle for public opinion in the Arab countries, time is on the side of the Egypto-Syrian union; and yet the West obviously cannot afford to show greater interest in the United Arab Republic than the Arab Union; on the other hand it is clear that, as a State Department spokesman expressed it to us, there is "no long-term future in a policy of supporting a federation of which one of the main purposes is to perpetuate unpopular and unprogressive monarchies."

13. It will be appropriate in due course for Canada to make a friendly gesture towards the Iraqi-Jordanian union. There is no particular urgency about this matter, however, since we do not have direct diplomatic relations with either Iraq or Jordan, and since the new state will not be eligible for formal recognition until some time in May. Nevertheless you may wish to have some notes on hand for use in replying to questions. A suggested text was sent to your office under separate cover on February 21.[71]

J. L[ÉGER]

---

315. DEA/50162-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 13, 1958

SITUATION IN LEBANON

There has been widespread violence in Lebanon during the last few days, involving armed clashes between rioters and police, the burning of the U.S. Information Service Offices in Beirut and Tripoli, and the demolition of the Iraq Petroleum Company pipeline in North Lebanon. Although our Chargé d'affaires in Beirut reported this morning that there had been no violence against foreigners, and that the security situation in Beirut seemed well under control, there continue to be press reports of street demonstrations and other disorders.

Last night the Lebanese Foreign Minister told the U.S., U.K. and French Ambassadors in Beirut that the Government was drafting a complaint to the Security Council alleging interference by the UAR in Lebanon's internal affairs. He said that there was "adequate evidence that the UAR was actively supporting opposition elements responsible for current violence":

---

[71] Note marginale :/Marginal note:

Retained in Minister's office. [auteur inconnu/author unknown]

Le premier ministre Diefenbaker a approuvé personnellement la reconnaissance diplomatique de l'Union arabe le 30 mai 1958. Voir les annotations en marge de Léger à Smith, 29 mars 1958, et le télégramme ME-120 du 31 mai 1958, MAE/50405-C-40.

Prime Minister Diefenbaker personally approved the diplomatic recognition of the Arab Union on May 30, 1958. See the marginal notations on Léger to Smith, May 29, 1958, and Telegram ME-120, May 31, 1958, DEA/50405-C-40.

(a) An eccentric Belgian diplomat was arrested yesterday at the Lebanese frontier, with a car full of arms and ammunition being smuggled to rebels, and also "instructions from Syria to the opposition."

(b) Individual Syrians were killed yesterday, with local demonstrators, in North Lebanon, Tripoli and Beirut.

(c) A boat carrying a dozen Egyptians and large quantities of arms and ammunition was intercepted yesterday near Sidon.

(d) A group of Syrians last night attacked the Lebanese frontier post on the Damascus Road.

The strength and diversity of domestic opposition to President Chamoun make it extremely difficult to assess to what degree this opposition may be receiving assistance from outside the country, and whether such assistance comes from official UAR sources. Our tentative estimate is that the evidence submitted by the Lebanese Foreign Minister regarding official UAR interference should be treated with some reserve. As you will note, the facts submitted fail to establish satisfactorily the official interference alleged; furthermore, the Lebanese régime may be exaggerating the significance of such evidence as there is in an endeavour to demonstrate that what had previously been a domestic protest against the President's re-election has become a threat to Lebanon's independence which would justify Western intervention. Essentially, therefore, the current crisis in Lebanon has many of the earmarks of a basically domestic upheaval which is bound to attract the sympathy of unofficial groups in neighbouring countries. A judgement as to whether official support has been forthcoming will have to be reserved for the time being.

The Lebanese Foreign Minister told the press today that a formal protest has been forwarded to the UAR, but there is no further word as yet on the submission of a Lebanese complaint to the Security Council.

The current disturbances were touched off by the murder on May 8 of a prominent left-wing opposition newspaper editor by an unidentified assailant, but their real cause is undoubtedly the widespread opposition to the decision of the President of Lebanon, Camille Chamoun, to seek a constitutional amendment so that he may be re-elected for a second six-year term. The policies of President Chamoun and the Foreign Minister, Dr. Charles Malik, have been strongly and outspokenly pro-Western since the Suez Crisis, and the Lebanese Government has only thinly disguised its hostility to the United Arab Republic and to President Nasser. President Chamoun considers that he is the only available candidate who can preserve Lebanon's present pro-Western orientation, and protect the interests of the Christian half of the population.

President Chamoun is vehemently opposed by a large group of Moslem and some Christian leaders who are in strong sympathy with the aims and ideas of Arab nationalism as exemplified by the United Arab Republic and President Nasser. Because of the danger of Moslem-Christian disputes and the damage that would be done to Lebanese commercial interests, most of these leaders are probably not anxious for the Lebanon to join the UAR at this time, but they do advocate close association with the UAR, the adoption of a policy of "positive neutrality," and the withdrawal of Lebanese acceptance of the "Eisenhower Doctrine." They appear to be ready to stop Chamoun's re-election at almost any cost.

There is also a substantial "Third Force" body of opinion, particularly among the Christians, which, while without any particular sympathy for Arab nationalism, considers that because of Lebanese dependence on trade through Syria, and Lebanon's position as a small half-Christian state in a predominantly Moslem Middle East, the country cannot afford not to be on good terms with its chief Arab neighbour, the UAR; in other words, this group considers that good relations with the UAR are more important for Lebanon than open alignment with the West provided that Lebanon's own independence is not affected. Among those who share this opinion is the Maronite Patriarch, head of the chief Christian sect in the country. They oppose Chamoun's re-election because of the constitutional precedent involved, and because they consider that there are other Maronite Christian candidates available for the Presidency who could maintain Lebanon's general political and economic orientation towards the West without clashing openly with Lebanon's neighbour. (The U.S. Ambassador in Lebanon is reported to believe that suitable alternative candidates are in fact available.)

President Chamoun believes he can obtain the necessary two-thirds majority in the Lebanese Chamber in order to amend the constitution and effect his re-election, and has also mentioned assurances of support from Iraq, Jordan, Saudi Arabia, Sudan, Turkey, Greece and Italy. He is probably correct in his assumption that the necessary votes will be forthcoming in the Chamber, elected last summer with considerable financial assistance from certain Western powers (the opposition presumably received and still receives heavy subsidies from Damascus and Cairo), but it is difficult to see how the "support" of most of the foreign countries mentioned above can effectively assist him. The U.S.A., U.K. and France have promised assistance against foreign intervention, and the U.K. Foreign Office today issued a warning against "any attempt from outside to overthrow the Lebanese Government." Nevertheless, in spite of optimistic statements by Chamoun, it is not clear to what extent the Western Powers will feel able to back him internally if the Lebanese complaint of the UAR's interference cannot be upheld. Mr. Dulles, as you know, stated in Copenhagen on May 7[72] that it was important that the West extend any assistance it could to Lebanon without however, interfering in the internal political situation. It is unlikely that the Eisenhower Doctrine could be invoked to permit assistance to the Lebanese Government inasmuch as this would involve a public pronouncement by the U.S. President that Lebanon was menaced by "armed aggression from a country controlled by international communism," a finding which could hardly be made in respect of the United Arab Republic, a country in which communism is outlawed.

The opposition, presumably to avert a swift constitutional amendment that would present them with a *fait accompli*, is now calling for the President's immediate resignation. The question as to whether he will be forced to yield to them, or serve out his current term ending in September, or obtain a second term, will depend in the end on the attitude of the Army Commander in Chief, General Fouad Chehab, a widely respected Maronite Christian who has generally remained aloof from politics and has been strict in the interpretation of his duties to the Lebanese Government under the constitution. The General was reported some months ago to believe that the strong alignment of President Chamoun's Government with the West would provoke sectarian strife and might lead to a secession of Moslem areas to Syria, and stated recently that he would not support Chamoun's re-election; he would, however, continue to support the President's completion of his present term. Press reports indicate that the Army is holding firm against the disturbances.

---

[72] Aucune version publiée de ce discours n'a été trouvée. Dulles assistait à la conférence ministérielle de l'OTAN à Copenhague en mai 1958 lorsqu'il l'a prononcé.

A published version of this speech was not located. Dulles was attending the NATO Ministerial Meeting held in Copenhagen in May 1958 when he made this speech.

There are about 125 Canadians in Lebanon, well over half of whom are of Lebanese origin and reside in the mountains, where there is little danger from popular disturbance. Our Chargé d'affaires in Beirut reported yesterday that the U.S. authorities (which have confidentially agreed to cooperate with us regarding emergency plans in Middle Eastern countries) had confirmed that Canadians would be integrated in any general alert to U.S. citizens but that so far no such action had been deemed necessary. Today's report from Beirut indicated no deterioration in the situation from this point of view.

J. L[ÉGER]

---

316. DEA/50162-A-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre[73]

Memorandum from Secretary of State for External Affairs to Prime Minister[73]

TOP SECRET [Ottawa], May 16, 1958

SITUATION IN LEBANON

I attach telegram No. 62 of May 15† just received from the Legation in Beirut indicating that, subject to certain conditions, the United Kingdom and United States might intervene in the Lebanon. The tentative plans envisage the temporary landing of troops in response to a Lebanese Government public appeal which would be "preceded or accompanied by an approach to the Security Council." In addition, the French appear to be insistent upon participation, if only of a token nature, in any intervention.

The reports we have been receiving from Beirut, New York and Washington regarding the extent and nature of external interference in this crisis on the part of Lebanon's neighbours make it difficult for us to understand how such intervention could be contemplated. Having regard to the internal factors which gave rise to the disorders in the first place and to the strong reaction which the landing of Western forces would provoke elsewhere in the Middle East and beyond, such intervention could have the most serious consequences.

As Canada has no direct interests at stake in Lebanon, our attitude rests upon the obligations we have undertaken under the United Nations Charter. As members of the United Nations, as members of the Security Council, and as a nation actively participating in the maintenance of peace in the Middle East through our contribution to U.N.E.F., our immediate interests can only be considered within a United Nations framework.

I shall keep you informed of developments. For the moment there are no clear indications that Lebanon will raise the issue in the Security Council. I can only hope that no precipitate decision will be taken in London or Washington which could upset the precarious situation not only in Lebanon but throughout the Middle East.

SIDNEY SMITH

---

[73] Note marginale :/Marginal note:
Seen by Prime Minister May 17 am. HB R[obinson]

317. DEA/50162-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1126 Washington, May 22, 1958

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Repeat Permis New York (OpImmediate), London (Information).

LEBANON

I saw the Secretary of State this afternoon. He was accompanied by Walmsley, the Deputy Assistant Under Secretary for UN Affairs, and Rockwell, Director of Mideastern Affairs.

2. I told the Secretary that when I was in Ottawa yesterday, I had been asked a number of questions by the Prime Minister and by the Secretary of State about developments in Lebanon, which I was not repeat not in a position to answer, hence my request for an early interview with him. In particular I told him that I had formed the impression that the USA was not repeat not unhopeful that the Government of Lebanon with help from friends could steady itself and hold the present position without external military intervention but that I had found in Ottawa a certain feeling of fatality about the way events were unwinding themselves.

3. Mr. Dulles said that he took a pretty grave view of the situation. He was not repeat not happy about the internal political and constitutional position in Lebanon. He had hoped that an acceptable candidate would emerge to succeed Chamoun, but there was as yet no repeat no such man in sight. It was his understanding that it had been the unanimous opinion of the American, British and French Ambassadors in Beirut that Chamoun should renounce his plan to succeed himself. He had been concerned to make it clear that the fulfilment of the promise of contingent assistance which his Government and the UK Government had given to the Government of Lebanon should not repeat not be linked with the presidential prospects of Chamoun and any other individual. To lessen this risk he had stipulated that any request for assistance would have to come from the President and, repeat and, the Cabinet.

4. He said he thought this question had been clearly understood between himself and the Foreign Office but he had told Sir Harold Caccia last night that he was afraid there might be some difference between his appreciation of its importance and theirs.

5. The State Department had not repeat not yet had official confirmation of this afternoon's press reports that Lebanon had decided to take its case to the Security Council. He did not repeat not know what form their complaint would take but he said that their advisers in New York had not repeat not been very much impressed by the first outline of the case the Lebanese delegation had been discussing with them. The Secretary said that apart from such public evidence as there was over UAR interference in Lebanon he himself was satisfied from secret sources of information that such interference had been substantial and well maintained.

6. I asked him if he could tell me anything of their Ambassador's interview with Nasser. He said that he at first denied that the UAR was interfering in the affairs of Lebanon,

taking the line that radio and press comment on Lebanese politics, from Cairo and Damascus, simply reflected the normal interest of the whole Arab community in every aspect of Arab affairs. Under pressure Nasser had intimated he might perhaps be able to discourage it. He appeared to hint that he would like to discuss the course of the direction of internal developments in Lebanon with the USA, presumably, the Ambassador thought, with the hope of persuading the USA to accept a new orientation of Lebanese policies under an administration that would be friendlier to the UAR than Chamoun's. I formed the impression that the Ambassador's conversation with Nasser had not repeat not got very far and was not repeat not being followed up with any particular vigour or hope. Mr. Dulles said he understood that Lebanon had asked for a meeting of the Arab League to discuss its complaints against the United Arab Republic. He doubted whether such a meeting had stipulated that it should not repeat not be held in Cairo. Tripoli and Khartoum had been suggested as alternative meeting places.

7. I asked Mr. Dulles what the relationship was between a reference by Lebanon to the Security Council and an appeal to the Western Powers for military assistance. He said it was understood there would not repeat not be any request for assistance unless and until the Lebanese Government had brought its complaint to the Security Council. The reference to the Security Council, however, would not repeat not imply that the Lebanese Government would necessarily apply to the Western Powers for military assistance, i.e. reference to the Security Council was a precondition for consideration of a request for direct assistance but it did not repeat not follow that direct assistance would be asked for immediately or automatically on a reference to the Security Council.

8. Mr. Dulles made it plain that the discussion of the circumstances and conditions under which direct action might be taken to support the independence of Lebanon had been discussed only between the UK and the USA. France was not repeat not a party to their understanding. I gathered that they would be rather dismayed if they found even a token French force associated with any action they might feel called upon to take.

[N.A.] ROBERTSON

---

318. DEA/50162-A-40

Note du chef de la direction du Moyen-Orient
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Middle Eastern Division,
to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 23, 1958

Reference: Telephone call to New York, 0930, May 23.

LEBANESE COMPLAINT TO SECURITY COUNCIL

The Lebanese complaint was set forth in a letter delivered by the Lebanese Delegate to our Delegation at 11 p.m. May 22. It requested an "urgent meeting of the Security Council" to consider:

COMPLAINT by Lebanon in respect of situation arising from the intervention of the U.A.R. in the internal affairs of Lebanon, the continuation of which is likely to endanger international peace and security.

The said intervention consists *inter alia* of the following acts:

(1) Infiltration of armed bands;

(2) Destruction of Lebanese life and property by the said armed bands;

(3) Participation of U.A.R. nationals in acts of terrorism and rebellion against the established authorities of the Lebanon;

(4) Supply of arms from Syria to individuals and bands rebelling against the established authorities;

(5) Waging of a violent radio and press campaign in the U.A.R. calling for strikes, demonstrations, and the overthrow of established authority in the Lebanon, and through other provocative acts.

Timing

2. Azkoul, the Lebanese Delegate, was awaiting instructions regarding timing but his personal opinion was that his Government would not seek an immediate meeting; it would, he thought, be preferable to avoid a weekend meeting and action might not therefore be asked for before Monday. In any event, he needed files from the Lebanon in order to document his case. It was not yet clear whether Mr. Malik would come personally to conduct the Lebanese case, but rumour to that effect persisted in New York. Azkoul has privately informed our Delegation that in his opinion the Lebanon would ask only for the minimum Security Council action required to persuade the U.A.R. to desist from such acts of assistance as they have been rendering to the rebels in Lebanon.

Canadian Delegation Comment

3. Murray said that everyone in New York was puzzled by this sudden development which had come at a time when everything pointed away from a reference to the Security Council. Only yesterday the Lebanese Government had referred its complaint to the Arab League and then suddenly had brought its case to New York without awaiting the outcome of regional efforts to settle the dispute. The Lebanese Delegate knew there had been renewed disturbances in the Lebanon but had not received the impression that they were of a magnitude to have warranted the sudden change in tactic. There must, he said, be some new element not yet known in New York. The United Kingdom Delegation seemed as surprised as any, especially as they had just been told that the Lebanese Government had decided against a reference to the Security Council.

4. Mr. Ritchie would be consulting with other delegations and would be in contact with us later in the day. He hoped that his instructions would permit him to withhold any intervention in the Security Council discussions, when they are held, until the end of the debate. This was the customary practice on the part of the President of the Council and would have the virtue of allowing him a certain flexibility of position, perhaps permitting him to strike just the right note on the basis of what others before him had said.[74]

ROSS CAMPBELL

---

[74] Note marginale :/Marginal note:

Min[ister] did not demur. R C[ampbell]

319. DEA/50162-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[75]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[75]

SECRET [Ottawa], May 26, 1958

SITUATION IN LEBANON

During the last few days there have been three important developments in the Lebanese situation:

(a) On May 21 President Chamoun officially offered the premiership to General Chehab, but the Moslem members of the opposition have refused to agree to this compromise solution unless the President also accepts the opposition demand (formulated for the first time after the disturbances started and Western military intervention had begun to be discussed) that he should resign immediately, instead of serving out his term, which ends in September. The Christian members of the opposition apparently do not support this Moslem demand. Third Force Christians are now proposing an alternative solution which would involve the maintenance of the present Sami Solh Cabinet in office, and the issue of a statement by the Government that Chamoun would not run again, and that presidential elections would be held at the earliest possible time (i.e. in about two months). The opposition has been given 48 hours from yesterday to agree to this.

(b) Two Ministers have already resigned from the Lebanese Cabinet, and a third (the Foreign Minister, Charles Malik) told the U.S. and U.K. Ambassadors in Beirut that such were his misgivings about Cabinet backing for Lebanon's appeal to the Security Council that he too has been considering resignation.

(c) The Lebanese Government has appealed to the Security Council, as well as to the Arab League, against U.A.R. interference. (The decision to make the appeal appears to be Chamoun's own, in the light of Malik's attitude).

With the continuance of the deadlock in Lebanon's internal affairs, and the possible disintegration of the Cabinet, the risk may be increased that President Chamoun will call for Western military intervention. Since Mr. Dulles has stipulated that any request for assistance must come from both President and Cabinet (Washington tel. 1126 of May 22) it is possible that Chamoun may wish to act soon while he is sure that he has a government behind him.

As you know, the United States had also made it a condition of active military assistance that Lebanon should take its complaint of U.A.R. interference to the Security Council. In spite of the fact that this has now been done, and that Chamoun may yet be impelled to call for assistance in the near future, the United States may be restrained from intervention at present by the fact that the case is *sub judice* in the Security Council, and by the fact that since the troubles have now continued for two weeks, and since interference from U.A.R. territory has not increased during the period, any landing by Anglo-U.S. forces would take on even more the appearance of Western intervention in an internal dispute.

---

[75] Note marginale :/Marginal note:

Not sent. Returned to ME Div. by USSEA with notation "not sent: further progress reports, if necessary, should be shorter." (This is not a progress report — see final page) [J.B.C. Watkins]

On the evolution of this internal dispute depends, naturally enough, the possibility of a Security Council debate, and Western involvement. Probably the formation of a Chehab Government would eliminate both possibilities. It is difficult to say as yet, however, whether the Moslem opposition would retreat from its present position so that a Chehab Government could be installed without the President being obliged to resign immediately. Our tentative view at present is that because the Moslem leaders concerned no longer have the support of their Christian partners, these leaders may be obliged to yield at least to some extent; they are, nevertheless, unlikely to agree to the latest alternative — that of the maintenance of the Solh Cabinet with a declaration on the Presidency, as described above. It should be borne in mind that the basis of the dispute over the Presidency has changed in the last few days; whereas previously the dispute was, at least in name, over the purely constitutional question as to whether the President should be re-elected for a second term, the President's acceptance of a government presided over by General Chehab — who opposes a second term — signifies that Chamoun has tacitly (though not yet publicly) abandoned his intention to run again. With this constitutional issue out of the way, the personal issues, which have always been implicit in the situation, unfortunately stand out more clearly. The Moslem opposition appears determined to revenge itself on the President for his conduct of the 1957 elections, his readiness to call for assistance from Western troops, and his use of the semi-revolutionary Parti Populaire Syrien to spearhead clashes with the opposition. On the other side, the President and, we think, many other Christians, may believe that in attacking him without a constitutional pretext, the opposition is now attempting to effect by force a change in the internal balance in the country. With both sides thus encouraged to further intransigence, the possibility of an appeal to the West for further assistance may have increased. It is not without significance that the State Department instructions to Cabot Lodge, a copy of which was shown to us, contained two passages clearly designed to keep the door open for direct U.S. intervention should the internal situation in Lebanon so require:

> "We wish to assure to extent feasible that Security Council consideration not restrict manoeuverability re future steps that might have to be taken in Lebanon;" and
>
> "On other hand, a resolution (which USSR would likely veto) might be desirable to demonstrate Security Council inability to act in situation and thus provide a useful background and basis for any subsequent steps that might have to be taken."

One additional point requires emphasis. The West must resign itself to the fact that the Lebanese Government which will emerge from the present crisis will not be the same as the actively and outspokenly pro-Western government which Lebanon has had for the last year and a half. It is to preserve this firm pro-Western alignment that the United States and the United Kingdom have reacted so strongly in favour of President Chamoun. Yet it has been our thesis that the "pro-Western Lebanon" which the Western powers have been trying to maintain did not really represent the spirit of the country, compelled as it is to live on good terms, not only with the West, but also with the Arab world with which the country must trade to live. Sooner or later the honeymoon was bound to be over, and the country was bound to swing back to its traditional middle position; what the Western encouragement of Chamoun has done, in our opinion, is to cause a grave split in the country, and greatly to hasten the inevitable swing from a purely Western policy. With the delicate balance of forces on which Lebanon is built having been spoilt by Chamoun on one side and by unscrupulous extremist elements in the opposition on the other, the country may never be the same again. It is with the restoration of this balance that Chehab in particular has long been concerned.

We should not assume that a compromise political solution to the present crisis will mean that Lebanon will become part of the U.A.R., or even adhere to its foreign policy; but what must be anticipated is a Lebanon much more neutral in both inter-Arab and cold-war affairs, while maintaining close cultural and commercial links with the West. There has been a tendency in some quarters, particularly in London, to depict the present situation as one in which Lebanon will be either kept or lost for the West; in reality the basic "middle" orientation of Lebanon, now re-emerging more clearly, has not, in our opinion, been seriously challenged as yet in the present dispute. Intervention by Western forces would, however, cause such a basic schism in the country that all hope would be lost of reaching a lasting compromise solution within the territory of Lebanon as at present constituted. In all probability, a number of outlying Moslem areas to the north and east would then attempt to secede to the Syrian region of the U.A.R. and Lebanon would be reduced to the smaller mountainous area, consisting largely of Christians and Druzes, which was "historical," pre-1920 Lebanon.

J. L[ÉGER]

---

320. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 789 New York, May 26, 1958

SECRET. OPIMMEDIATE.
Reference: Our Tel 786 May 23.†
Repeat Washington, London, Paris, NATO Paris (OpImmediate) (Information).
Repeat Cairo (OpImmediate) from Ottawa.
By Bag Tel Aviv, Tokyo, Wellington, Moscow, Delhi, Oslo, Rio, Rome, Stockholm, Jakarta, Hague, Karachi, Kuala Lumpur, Madrid, Accra, Ankara, Athens, Belgrade, Bogota, Bonn, Brussels, Canberra, Colombo, Copenhagen, Beirut from London.

LEBANON

On Friday evening Azkoul was in touch with me about instructions he had received about the Lebanese complaint in the Security Council but he did not repeat not see me until Saturday morning (May 24). He explained that in addition to telegrams from Beirut he had discussed the situation with Malik on the phone. I gained the impression that what Azkoul had to tell me was the result of an attempt on his part to moderate the course of action which Malik had intended to pursue. Undoubtedly Azkoul's consultations with officials here had led him to adopt a cautious attitude toward what Lebanon could hope to accomplish in the Security Council.

2. As a matter of tactics, the Lebanese faced a dilemma of their own making. Having applied both to the Arab League and the Security Council in short order they were faced not repeat not only with a choice of forum in which to proceed first but with the possibility that they would be accused in both of trying to exert propaganda pressure rather than invoking a serious discussion. Azkoul seemed conscious of this during his discussion with me on May 24.

3. Nevertheless on instructions he insisted that a date should be set then for the Security Council meeting and he agreed that the afternoon of May 27 would be a suitable time. He suggested that the Arab League might be convened in the interval and that if proceedings in the League seemed to be moving in the right direction, Lebanon could ask to have the Council meeting cancelled or postponed. Alternatively, if the League proceedings were in train but their result was indefinite, the Security Council could meet to inscribe the Lebanese item. After this had been done and the parties had been invited to participate, Azkoul would make a brief statement welcoming the discussion of the Lebanese situation in the regional body and expressing the hope that it would resolve Lebanese-UAR difficulties. His hope would be that the Council could then adjourn. As a third possibility, if the League proceedings should either not repeat not materialize or prove to be wholly ineffective from Lebanon's point of view, Azkoul would proceed with the presentation of Lebanon's case in the Security Council. Even in this event, however, Lebanon would hope to achieve its ends through minimum action by the Council, perhaps through the consensus procedure.

4. As a result of this conversation I instructed the Secretariat to circulate the notice for a Council meeting on Tuesday afternoon. At the same time I informed the representatives of UK and USA about my conversation with Azkoul. There the matters stood on the weekend.

5. This morning the following developments have occurred:

(a) The UAR mission confirmed to us that the Arab League meeting was scheduled for May 31 (apparently a short preliminary meeting of the League took place yesterday but I have no repeat no information as of its proceedings) and suggested that this should have a bearing on whether the Council should meet tomorrow. We informed the UAR mission that we would be consulting with other Council members on this point;

(b) In response to my enquiry Azkoul has recapitulated the position which he adopted on Saturday and said that he expected further instructions today. Apparently Malik is still in Beirut and could not repeat not reach New York in time for a meeting tomorrow. Azkoul seemed to favour, in light of the announcement about the League meeting, the middle course suggested in paragraph 3 of this telegram. I pointed out to him that the Soviet representative might not repeat not be prepared to acquiesce in a brief meeting to inscribe the item on the agenda but might insist on a discussion on his own terms. I said that I proposed to consult with other Council members about the situation resulting from the announcement of the Arab League (there were already indications that the Japanese, for example, believed that the Council meeting tomorrow should be postponed);

(c) The representatives of UK and USA arranged to meet with me at noon to discuss the current situation. I shall report separately on that meeting.

[C.S.A.] RITCHIE

321. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 803 New York, May 27, 1958

SECRET. OPIMMEDIATE.

Reference: Our Tel 795 May 27.†

Repeat Washington, London, Paris, NATO Paris (OpImmediate) (Information).

Repeat Cairo (OpImmediate) from Ottawa.

By Bag Tel Aviv, Tokyo, Wellington, Moscow, Delhi, Oslo, Rio, Rome, Stockholm, Djakarta, Hague, Karachi, Kuala Lumpur, Madrid, Accra, Ankara, Athens, Belgrade, Bogota, Bonn, Brussels, Canberra, Colombo, Copenhagen, Beirut from London.

LEBANON

This morning we were feverishly occupied in consultations with other members of the Council and with the representatives of Lebanon and UAR. There were a number of procedural questions which had to be resolved before the Security Council meeting this afternoon and which indeed were not repeat not wholly resolved before the meeting began:

(a) It was not repeat not clear whether the agenda would be adopted without objection. We sensed that the USSR was anxious for its own purposes to have the item inscribed but there was the possibility that the Soviet Representative might oppose the adoption of the agenda in response to a request to him from the UAR representative. In the forenoon we ascertained, however, that the UAR mission would itself have no repeat no objection to the adoption of the agenda and that the Soviet representative would make no repeat no formal objection;

(b) The Lebanese representative had let it be known that after the adoption of the agenda he would acquiesce in an adjournment of the Council. At that time he suggested that the parties should not repeat not be invited to participate in the discussion since, as a matter of procedure, non-members of the Council are precluded from the discussion of procedural questions. Later, however, Azkoul indicated that he would wish to be invited to sit at the Council table and we learned that the UK took a similar view of the question of participation by the parties. Moreover, Azkoul's instructions were to seek an adjournment for a fixed time and he had in mind an adjournment until June 3. Early in the day the UAR mission seemed opposed to a fixed adjournment and they saw no repeat no real reason why the parties should be invited to participate at that stage, if the immediate step in the Council was to be an adjournment. Before lunch we were informed that the USSR would formally contest any move to have the Council adjourned until a fixed date, although the Soviet representative would not repeat not oppose adjournment *sine die*;

(c) There was also considerable confusion about which member would propose the adjournment. The representative of Panama was very anxious to intervene in this regard and probably the Japanese representative would have been glad to do likewise. The USA mission believed that the motion for adjournment should probably come from the Arab representative on the Council but there was the risk that Jamali of Iraq might well start a protracted debate rather than bring about an adjournment. This view, which we shared, was held by the UAR mission and also by Azkoul. In view of these complications, at one point it was suggested that the President might initiate the adjournment but on further reconsideration my Western colleagues agreed with me that a presidential initiative of this kind might be misunderstood by those not repeat not privy to the consultations behind the scenes.

2. Perhaps the most difficult of these questions was whether the adjournment should be fixed or *sine die*. The USA mission were convinced that an adjournment to a fixed date would be troublesome because at that date the Council might be faced with a situation similar to the one which existed today, namely that the Lebanese would be reluctant to proceed with their case in the Council while there was some chance that the matter could be resolved in another forum, in this case the Arab League. Azkoul was adamant this morning that he would not repeat not proceed with his case, even if a debate on substance should result from some miscalculation or accident. His attitude placed the Western Powers in a disadvantageous position and one which the USA, in particular, was not repeat not anxious to face. There have been some growing doubts here that the Lebanese might not repeat not have a sufficient case for the purpose of public presentation. It was questions like these that made the USA mission wary about a fixed adjournment. We see considerable force in this line of thinking.

3. Nevertheless, there were recognizable difficulties in trying to dissuade Azkoul from insisting on a fixed adjournment. As the UK mission pointed out he had "firm instructions" which could not repeat not be changed in time. To accept an adjournment *sine die*, moreover, might have appeared as a retreat on the part of Lebanon.

4. Dixon, Lodge and I met just before the Council meeting to discuss these difficulties which by that time were by no repeat no means resolved. We did agree, however, that the parties should be invited to the Council table and that Jamali should be the one to ask for the adjournment. An effort would be made to impress upon Jamali the desirability of moderation and to try to persuade Azkoul to accept an indefinite adjournment. This course of action could not repeat not be fully implemented because Azkoul did not repeat not show up until we were all assembled in the Council Chamber.

5. Immediately before the meeting began the following emerged:

(a) Azkoul said that he wished to make a brief statement (even though he was not repeat not entitled to speak on the procedural question). Apparently he wished to place on record his government's understanding of the situation in the Council and particularly about the adjournment. We and our Western colleagues recognized that any statement by Azkoul might lead to an abortive debate. He was persuaded, therefore, to reconsider whether he should speak at all and at that time he seemed disposed to keep quiet;

(b) Loutfi indicated that he could accept a motion for a fixed adjournment, if Lebanon found this necessary. He hoped that Jamali would exercise restraint and, of course, Loutfi reserved his right to speak if Azkoul should intervene. Loutfi said also that the Soviet representative would probably question the propriety of a fixed adjournment but would not repeat not oppose it formally. Sobolev confirmed this to me;

(c) We were not repeat not quite sure what Jamali intended to say particularly as regards the timing of the adjournment. Some of his advisers were not repeat not in favour of fixing a date.

6. In these circumstances the Council began its proceedings. After a courtesy greeting to Jamali and a tribute proposed by Lodge to Colonel Flint, the agenda was adopted without objection. However, Sobolev at once made clear that in accepting the agenda he was in no repeat no way recognizing the validity of the Lebanese complaint. Jamali then proposed that in view of the forthcoming meeting of the Arab League that the Council should

adjourn and that perhaps it should decide to meet "next Tuesday let's say." This would be on the understanding, of course, that the Council could reconvene on short notice if there should be any change in the situation. Sobolev said that he had no repeat no objection to the adjournment but recommended it. He suggested, however, that it would be preferable if no repeat no date were set, although he made clear that he was not repeat not making a formal proposal.

7. Then, somewhat to our surprise, Azkoul indicated that he wished to speak. He said he was agreeable to the proposal for adjournment and he expressed hope that the Arab League could solve the difficulties. If the League could not repeat not do so, however, the Council should be reconvened next Tuesday, or possibly on some other date even sooner, if necessary. Loutfi's rejoinder to this was short and to the point; he considered it not repeat not in order for him to comment on the procedure which the Council should adopt, although he would be prepared to discuss the question whenever the Council would be convened for that purpose.

8. There followed a lengthy and confused exchange involving the representatives of Colombia, Iraq and Panama about whether the question to be considered by the Arab League was the same as the one with which the Security Council was faced. This was largely a legal wrangle in which the status of the Arab League's letter to the President of the Council was called into question. Jamali assured the Latin Americans that the League and the Council were faced with the same question and at the end of the argument I pointed out that the League's letter, although not repeat not a Council document, had been circulated to members for their information. In the course of this discussion Jamali and Azkoul agreed with Sobolev that if the League should succeed in solving the problem, there would be no repeat no point in further proceedings in the Security Council.

9. Thereafter the Council adjourned with my suggestion that the exact time of the proposed meeting on June 3 should be the subject of consultations among Council members and with the incoming President (China). Tsiang agreed to be available.

10. Both the Lebanese and the UAR representatives assured me personally at the close of the session that they were satisfied with the course of the proceedings. The USA mission may have been disappointed that the adjournment had not repeat not been left indefinite but they agreed that this result might not repeat not have been possible because of the various cross currents in the Council and because of the questions which remained in doubt even after the proceedings had begun. Part of the difficulty beforehand was the result of the divergence in the approach of the UK and USA missions. In all the circumstances the outcome of today's meeting may have been as satisfactory as could be hoped for. To a considerable extent, I think, we reaped the benefit of keeping in close touch with all concerned and particularly both parties.

[C.S.A.] RITCHIE

322. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 862 New York, June 5, 1958

SECRET. OPIMMEDIATE.

Repeat London, Washington, Paris, NATO Paris (Priority) (Information).
By Bag Tel Aviv, Tokyo, Wellington, Moscow, Delhi, Oslo, Rio, Rome, Stockholm, Jakarta, Hague, Karachi, Kuala Lumpur, Madrid, Accra, Ankara, Athens, Belgrade, Bogota, Bonn, Brussels, Canberra, Colombo, Copenhagen, Beirut from London.

LEBANON

This morning (June 5) the general understanding here was that the Council would meet this afternoon with the following prospects:

(a) There might develop a preliminary argument, initiated by the USSR, whether the Council should meet while the Arab League was considering the matter and particularly since it seemed to be making progress, as reported in the press here. In these circumstances the USA intention was to leave it to the Lebanese, probably acting through Jamali, to respond to the Soviet move if the Lebanese should consider it desirable to have the meeting. The USA and presumably the UK and other Western Powers would support that position;

(b) To some extent in accordance with Lebanese wishes, the intention was that the Council should first hear the parties. We were informed that Malik had prepared a two-hour statement and that Loutfi was ready to reply. Malik continued to urge that the Council members should not repeat not make their statements until they had an opportunity to study the statements of the parties. It was more or less understood that the next meeting of the Council would take place next week, either on Monday or Tuesday, at which time Council members would express themselves. Nevertheless, Malik had hedged a little by suggesting that some members of the Council might make brief interventions this afternoon. The USA intention was not repeat not to make any substantive statement until the second meeting, unless there should be a vigorous Soviet attack on the USA. In that event the USA would reply to the Soviet attack rather than embark on their statement in support of Lebanon. We assumed that the UK position was roughly the same, although Dixon might have been more disposed to respond to Malik's suggestion concerning brief interventions at the first meeting;

(c) There was every possibility that a procedural debate might develop about an adjournment. Since the UAR representatives have been showing irritation and impatience about the Lebanese tactics of successive postponement, it was possible that the USSR might argue against a fixed adjournment after the statement of the parties. Nevertheless, in these circumstances it would have been logical for the Council to meet at a prescribed time, after members had an opportunity to study the statements of the parties and to seek instructions.

2. Before lunch Matsudaira informed me that the Lebanese had received new instructions concerning the Council meeting today and that there was a chance that the meeting would be postponed. Just before the hour of the meeting the reports spread, from largely Iraqi

sources, that the Arab League was considering (or had decided on) a resolution enjoining members of the League not repeat not to interfere in each other's internal affairs and expressly through inflammatory radio and press campaigns; appealing to the Lebanon to withdraw its complaint from the Security Council; and establishing a committee of conciliation to try to resolve the differences between Lebanon and the UAR. The speculation was that this development at the Arab League meeting would be sufficient reason for the Lebanese to ask for a postponement of the Security Council meeting today. This proved to be the case because immediately after opening the meeting the President announced that five minutes before he had been approached by Azkoul to postpone the meeting for twenty-four hours, in view of the fact that the Arab League was meeting at this "very hour" to decide how to deal with the Lebanese situation. The Colombian asked whether the meeting could be postponed until Monday so that members could seek instructions. The President replied that the Lebanese representative had specifically asked that the postponement be only for twenty-four hours. The next meeting was set for tomorrow afternoon at 3.00 p.m.

3. This latest Lebanese move was not repeat not only very irritating to all members but embarrassing for the Security Council and the UN. The public gallery laughed derisively when the postponement was announced. Lodge was very angry because he had not repeat not been informed in advance by Malik and because he expected to be absent in Washington at a Cabinet meeting tomorrow afternoon (and Malik knew this). Lodge's irritation was no repeat no doubt increased when he discovered that Sobolev had not repeat not come to the meeting, probably because he had heard about the postponement.

4. The Swedes expressed considerable annoyance because Malik's last-minute postponement had been damaging to the dignity and prestige of the Council. We sensed that they were becoming fed up with the whole exercise. They showed us a draft statement which Jarring proposed to make at some stage, and which in effect suggested that (although specifically there was no repeat no formal proposal) if the Lebanese could show that outside interference was causing a serious deterioration in Lebanon which threatened its national independence, the Council should establish investigatory machinery to look into this situation. However, the Swedish position was that, on the basis of present information the Lebanese complaint had not repeat not been established sufficiently to warrant that step. We were aware that Jarring's instructions were along these lines; and there was some suggestion in the draft statement, and in the remarks made by the Swedes here, that by holding out a possible proposal for a UN investigatory commission, the Swedes hoped to dissuade the Lebanese from pursuing their present erratic course. If the Swedes have concluded that Lebanon's complaint is largely based on internal political considerations and neither worthy of Council consideration nor susceptible of UN solution, their views would be wholly consistent with those of the Secretary-General.

5. Later, Azkoul, who had been present in the Council Chamber, phoned to apologize for not repeat not letting us know in advance about the postponement. He expressed the hope that we would understand the predicament in which Lebanon found itself, for at the very hour when the Security Council was due to meet, the Arab League was holding its "final meeting" to determine what should be done about the Lebanese situation. While he could not repeat not say whether the League would be successful in resolving the difficulty, he hoped that we would agree that it was desirable to let the League complete its consideration of the matter before Lebanon should proceed in the Council. We sensed that Azkoul was not repeat not only embarrassed because of the somewhat ridiculous situation which had developed today in the Security Council but that he hoped to demonstrate that Lebanon was striving to exhaust regional machinery before proceeding at the UN. He seemed to be

saying that this might better suit some Council members who had reservations about the Lebanese tactics of playing both horses at once.

6. Our view is that Azkoul has plenty of reason for apprehension in this regard. Quite apart from the Swedish position, we learned today from the Colombian that he had prepared a speech on the desirability of resolving difficulties of this kind through regional machinery. He proposed to urge, moreover, that the Secretary-General of the Arab League should be called to the Council to report on the proceedings in the League. He referred emphatically to the methods employed by the OAS and seemed to have no repeat no doubt that the Arab League was equally as effective and as respectable as the OAS for dealing with regional problems. Matsudaira led us to believe that he would be adopting a very cautious course during the debate and that while he might deplore in principle outside interference in the domestic affairs of a neighbouring state, he might be guarded in any criticism of UAR activity. Before today's meeting a member of the French Mission told us that they had nothing to say at this stage concerning the Lebanese complaint (which he regarded as "not serious"). On the whole, therefore, the prospects for a series of "robust" statements in support of Lebanon do not repeat not appear very good and the Lebanese tactics to date in the Council have not repeat not enhanced their chances for firm support. Much might depend, however, on the actual presentation of the Lebanese case, on the response of the UAR and on the outcome of the League proceedings. We were informed that Malik's speech contains 35 pages and Loutfi's 20; the UAR statement, we were told, will be moderate and free from polemics.

[C.S.A.] RITCHIE

---

323. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 869 New York, June 7, 1958

SECRET. OPIMMEDIATE.

Repeat London, Washington, Paris, NATO Paris (Priority) (Information).

Repeat Cairo (Priority) from Ottawa.

By Bag Tel Aviv, Tokyo, Wellington, Moscow, Delhi, Oslo, Rio, Rome, Stockholm, Jakarta, Hague, Karachi, Kuala Lumpur, Madrid, Accra, Ankara, Athens, Belgrade, Bogota, Bonn, Brussels, Canberra, Colombo, Copenhagen, Beirut from London.

LEBANON

The Security Council met on June 6 to hear the Lebanese complaint about UAR interference in the internal affairs of Lebanon. It had become apparent yesterday morning that the proceedings in the Arab League had broken down and that the Lebanese Foreign Minister intended to present his case to the Security Council. About lunchtime there were indications that the UAR representative might raise on a point of order the question whether the Security Council should proceed to hear the Lebanese complaint before the Council had become fully informed about the proceedings in the Arab League. The speculation was that the Soviet Representative would respond to this UAR initiative by asking for an adjournment of the Council until a report from the League could be obtained. Just before the meeting, however, we learned that the UAR representative had no repeat no strong desire to try to prevent Malik from making his case at yesterday's meeting and apparently Loutfi had asked Sobolev not repeat not to seek an adjournment. In the event the UAR representative raised no repeat no point or order and the Council proceedings began with a long statement from Malik.

2. Without the record before us we prefer not repeat not to try to summarize or analyse Malik's statement. It had obviously been carefully prepared and with due regard to the advice which the Lebanese had been receiving from their friends concerning the need for precise documentation in support of their arguments. Concerning infiltrations and the activities of alleged UAR agents, Malik presented dates, place and personal names. Concerning the supply of arms, he produced "sample" lists of various types of weapons, some of which he said bore Egyptian and Syrian army markings. He said he had photographs and other substantiating material available. He quoted extensively from press and radio of Damascus and Cairo in order to demonstrate the effort from outside Lebanon to incite disturbance within. His main argument seemed to be that the radio and press campaign, being under the control of the UAR government, was "proof" that the UAR was obviously behind the other alleged interference, particularly in view of the factual evidence adduced to support those allegations, like the markings on the weapons and other circumstances.

3. Malik did produce an impressive array of material, although much of it was based on alleged confessions and related to situations which could probably never be verified outside Lebanese official circles. The various kinds of evidence presented, which Malik described as samples which would be multiplied many times, supported to a considerable extent, the charges about infiltration and a flow of arms across the Lebanese-Syrian frontiers. Malik's efforts to establish a link between these occurrences and official UAR sources were by no repeat no means conclusive, however, he no repeat no doubt relied on the other evidence which he produced to show that the Cairo and Damascus press and radio were hostile. Some of the quotations he presented indicated that the hostility was directed more toward individuals like Chamoun and Malik himself, rather than the government as a whole.

4. Malik gave no repeat no indication of what he expected from the Council. His appeal in public was much the same as the one he had made in private to various Council members. He relied on the "wisdom" of the Council to produce a solution to Lebanon's difficulties. He argued that the Lebanese complaint was a test case and indeed the cause of all small nations.

5. Loutfi's reply was not repeat not very effective, except as a categorical denial of the Lebanese charges. It seemed to us that he could have made more persuasive use, not repeat not only of the assurances which the UAR government had given about its attitude toward Lebanese independence, but about the proceedings in the Arab League and more particularly about the tactics employed by the Lebanese before actually presenting their case to the Security Council. Loutfi tried to show that the Lebanese complaint to the Council was a diversion intended as a cover for the domestic difficulties in which the Lebanese government found itself. He quoted from statements of opposition leaders in Lebanon, of the Maronite Patriarch and from articles in the London and New York *Times*, which tended to support his thesis about the domestic situation in Lebanon. At the end of the debate Malik retorted that this line of argument was in itself an interference in Lebanese affairs.

6. Apparently after consultation with USA Mission (Lodge was absent in Washington yesterday), the Japanese representative intervened to urge that the Council should be provided with full details concerning the proceedings in the Arab League. Jamali replied to

the effect that the League had been unable to reach a decision because of a lack of unanimity. He maintained that Iraq and Jordan had supported Lebanon. During the subsequent debate the representatives of UK, Colombia, Panama, Sweden and Canada supported the suggestion that the proceedings in the League had a considerable bearing on those in the Security Council and that therefore the Council should have a full report on them. The UK suggested that Jamali should present this information, but it was left that he and other Arab representatives at the table could comment on the League proceedings. The date for the next meeting of the Security Council, as suggested by Jamali, would be June 10 at 3 p.m.

7. Azkoul had in the morning asked me to make a brief intervention acknowledging the gravity of the situation and, I suppose, in effect to justify Lebanon's position in bringing the complaint before the Council (at the end of the debate Malik drew this conclusion from what all members had said). During the proceedings the UK Mission also urged us to intervene, because at one stage it looked as though the only speakers in addition to the parties might be UK and USA. Later it became apparent that all members of the Council would make some kind of intervention, no repeat no matter how brief. In these circumstances, while we saw considerable merit in withholding our hand until a later stage, when there might be an opportunity to play a more constructive role, Mr. Ritchie made a brief statement, taking note of the grave and detailed account which Malik had given in support of the Lebanese charges, welcomed the assurances which Loutfi had voiced about his government's attitude toward Lebanon's independence and supporting the generally held view that a report on the League's proceedings should be made available to the Council.

8. Among the other statements, those of Colombia, Panama, Sweden and Japan were more concerned with having more information about the League proceedings than with the case which Malik had presented. The Soviet intervention was brief, although Sobolev had a bulky text before him, and was designed to dismiss Malik's charges and supporting evidence; there was also a strong suggestion that the real intervention in Lebanon was from the Western Powers. The statements of UK, Iraq and, to a lesser extent, France, came down on the side of Lebanon, while that of the USA contained some ambivalence but with an emphasis in Lebanon's favour.

9. At this stage it is not easy to foresee how this Council exercise will proceed or end. Because of the continuing political deadlock in Lebanon there may be some desire on Malik's part to spin out the proceedings here. Presumably this could have some stabilizing effect in Lebanon. The risk is, however, that the debate here might turn nasty, in which case the Lebanese complaint might be lost in a welter of cold war polemics which would in net result benefit only the USSR in their continuing effort to exert influence in the Mideast. In any event it is hard to see how this kind of debate would really strengthen pro-Western elements either in Lebanon or in the neighboring Arab States. It is more than likely that the opposite result would obtain. For the time being, however, and particularly as regards Tuesday's debate, the main quarrel will probably be about who said what in the recent Arab League meetings.

324. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 887 New York, June 11, 1958

UNCLASSIFIED. OPIMMEDIATE.

Repeat London (Information).
Repeat Paris, NATO Paris, Cairo (Priority) from London.
By Bag Tel Aviv, Wellington, Moscow, Delhi, Oslo, Rome, Stockholm, Jakarta, Hague, Karachi, Kuala Lumpur, Accra, Ankara, Athens, Belgrade, Bonn, Brussels, Canberra, Colombo, Copenhagen, Beirut from London.
By Bag Madrid from Paris, Tokyo, Rio, Bogota from New York.

LEBANON

Following is the text of the Swedish resolution which was adopted this morning by the Security Council by a vote of 10-0 (USSR).

The Security Council,

Having heard the charges of the representative of Lebanon concerning interference by the UAR in the internal affairs of Lebanon and the reply of the representative of the UAR,

Decides to dispatch urgently an observation group to proceed to Lebanon so as to ensure that there is no illegal infiltration of personnel or supply of arms or other materiel across the Lebanese borders;

Authorizes the Secretary-General to take the necessary steps to that end;

Requests the observation group to keep the Security Council currently informed through the Secretary-General.

---

325. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 891 New York, June 11, 1958

SECRET. OPIMMEDIATE.

Reference: Our Tel 886 Jun 11.†
Repeat Washington, London, Paris, NATO Paris (Priority) (Information).
Repeat Cairo (Priority) from Ottawa.
By Bag Tel Aviv, Tokyo, Wellington, Moscow, Delhi, Oslo, Rio, Rome, Stockholm, Jakarta, Hague, Karachi, Kuala Lumpur, Madrid, Accra, Ankara, Athens, Belgrade, Bogota, Bonn, Brussels, Canberra, Copenhagen, Colombo, Beirut from London.

LEBANON

This telegram is to summarize the rapid and confused events which preceded the resumption of the Security Council debate yesterday afternoon on the Lebanese complaint and to deal with developments during the debate then and today. We have tried to keep you informed by phone but it has not repeat not been possible to record the story until this time.

2. To deal first with the emergence of the Swedish draft resolution we might recall that about June 5 the Swedish Mission had indicated to us that they might suggest in the Council that investigatory machinery be established to look into the Lebanese charges. The aim of the Swedes at that time was not repeat not only to ascertain facts but to head off a bitter debate in the Council which could only aggravate the situation which has been developing in the Mideast out of the disturbances in Lebanon. Early yesterday (June 10) we consulted further with the Swedish Mission and learned that Jarring, who was the third speaker on the Council list, would make his suggestion about UN machinery. We pointed out to the Swedes that the trend in the Council, and we had in mind in particular the attitude of the UK and USA, had moved rather beyond a matter of investigation and that members would probably be more disposed to support a proposal for observation machinery.

3. Later we learned that the following transpired yesterday morning:

(a) Chamoun instructed the Lebanese Delegation to seek the establishment of a UN observation group. Azkoul on receiving these instructions immediately consulted with Jarring and they reached some understanding about how such a proposal might be launched. These views, and especially the attitude of Lebanon were transmitted to the representatives of UK and USA;

(b) Shortly before noon the representatives of UK and USA consulted in detail about the possibility of developing a proposal for observation machinery. Out of this consultation a text emerged which was discussed with Azkoul and later with Jarring. There was some disagreement, however, whether if the Swedish proposal should be made, there should be the "robust" statements in the Council supporting Lebanon which had previously been planned. (On the weekend the trend was toward a debate in which it was hoped most members of the Council would speak firmly in support of Lebanon but there would be no repeat no resolution);

(c) The Swedish position in principle was that since their proposal was designed as a constructive approach, it followed that the tone of the debate should be necessarily kept moderate and, as far as possible, uncontroversial. They insisted that the Western Powers in particular should be prepared in these circumstances to withhold their "robust" statements. They argued that they would be undesirable if the Swedish proposal was to have any appeal for the parties, whose cooperation was necessary. In the end the Swedes understood that their view had been accepted by the UK, USA and Lebanon.

4. The Council met in the afternoon and the representatives of UAR, Lebanon, Sweden, USSR, USA, UK and Iraq were listed to speak. Loutfi began with a detailed reply to various points which had been raised in the debate particularly by Malik. The Lebanese representative replied in turn. Jarring then made a brief statement which acknowledged that Lebanon had presented "strong and precise allegations tending to show that foreign interference has in fact taken place." This interference was said "essentially" to have taken the form of illegal imports of arms and entry of armed persons into Lebanon as well as propaganda. Since foreign interference "may contribute to the aggravation of internal antagonisms in Lebanon and make a settlement difficult," the Council had reason to keep a

close watch on the situation. There might be justification for considering some arrangement "of investigation of observation by the Council itself with a view to clarifying the situation." Jarring mentioned that he had a text in preparation which he intended to present at a later stage. He then asked for an hour suspension "to give time for further consideration of this text."

5. It emerged that this was a suggestion rather than a motion. In the brief exchange before the suspension Sobolev indicated that he was interested in continuing the deliberations in order to "enable representatives whose names are on the list to speak."

6. During the hour of recess the representatives of UK, USA, Lebanon and Sweden were in close consultation. It emerged that Malik wished to have not repeat not only the Swedish proposal but also the robust statements. He was supported in this by the UK but not repeat not by the USA because of the Swedish attitude which remained firm. Our information is that the consultation became quite heated before some kind of understanding was reached to the effect that statements would be largely confined to support for the Swedish proposal.

7. When the debate was resumed Jarring submitted his draft resolution. By then it was quite close to the dinner hour. Lodge and Dixon spoke briefly in favour of the Swedish resolution and of continuing in session that night until it was adopted. Jamali spoke in favour of urgent action, although he had not repeat not been consulted about the Swedish text. He showed, moreover, that he was not repeat not going to be done out of his desire to discuss "the situation as a whole" in the Arab world.

8. Sobolev argued that his delegation "was not repeat not informed in advance of the fact of the submission of this draft resolution and does not repeat not have a text." (This was not so). In these circumstances he could not repeat not express his attitude; "We can neither be for nor against it." He said that like a number of other delegations he would need more time "than until midnight tonight" and suggested that at least twenty-four hours would be required. In the meantime he reserved his right to address the Council concerning the item on the agenda and to be "given the opportunity to do so today." This began a brief procedural exchange at the end of which it was agreed that the Council would suspend its proceedings until 8:30 in the evening. At that time Sobolev's statement followed the expected lines and it was in the main an attack on the UK and the USA, but particularly the latter, for their intervention in Mideast affairs with specific reference to alleged threat of armed intervention. Sobolev charged that large groups of Iraqi and Jordanian soldiers were already present and stirring up trouble in Lebanon. There were further quotations from Lebanese opposition leaders and press.

9. Jamali followed with a fiery salvo against Nasserism and communism. The principal theme was that Khrushchev wished Nasser to rule the whole Arab world because he was paving the way for Soviet domination. In furtherance of this Nasser and his masters were exploiting the manifold ills of the Mideast. They were misleading the ignorant and counting on the reaction of the mob. Appeals to Nasser had been of no repeat no avail. The aggression and intervention with the intention of undermining legitimate governments should be immediately stopped. At the end of his prepared statement Jamali replied to some of Sobolev's attacks on Iraq and the Baghdad Pact by blaming the USSR for the tension which existed in the Mideast.

10. There followed statements by France, USA and UK. These were of the "robust" variety and gave support in varying degrees to the Lebanon. The USA statement acknowledged that "interference has occurred from the territory and via the facilities of the UAR." It referred to Article 2(4) of the Charter and to the Assembly Resolution 290(IV) of December 1, 1956 entitled "Essentials of Peace." The Council was reminded that the USA

had supported fully UN action in defence of the territorial integrity of Egypt in 1956. Lodge once more took note of UAR assurances and said that they implied that the UAR government would take all possible measures to ensure that efforts to uphold the legally constituted government of Lebanon and to restore law and order "are not repeat not obstructed by activities based on the territory or by means of the facilities of the UAR." He called for prompt action by the Security Council.

11. Dixon's statement was more forthright in accepting the case which Malik had presented and in putting the blame on the UAR. Even so he was careful to avoid a clearcut judgment that the UAR government was fully responsible for the interference. He urged the Council to adopt the Swedish resolution as expeditiously as possible. The President suggested at this point that the Council should adjourn until eleven o'clock this morning.

12. In effect the proceedings on June 10 hardly went according to plan, if one takes into account the basic assumption of the Swedes that their proposal should be adopted without detailed statements on the broader substance of the Lebanese complaint. This Swedish aim might have been achieved had it been possible to put the draft resolution to the vote last night. Sobolev was clearly determined to prevent a quick vote and he let it be known through several channels that, if obliged to vote, he would veto the proposal, if for no repeat no other reason than that he had no repeat no instructions. Because of the atmosphere in the Council and particularly in view of the attitude of the parties, both of whom seemed disposed to go along with the Swedish proposal, it seemed desirable to have the vote last night. There was a real possibility that with the passing of time the arrangement might come unstuck. Nevertheless to run the risk of the veto might have produced a more serious situation, certainly in terms of procedure at the UN, because it seemed highly probable that any veto would be followed by a move to convene an emergency session of the Assembly, even though in our view there has been insufficient consultation and consideration given to the ramifications of such a move. In the end, it became apparent that the USSR would probably cast a negative vote and the appreciation of those most directly concerned was that the balance of advantage lay in not repeat not pressing the Swedish proposal to a vote in the face of the Soviet attitude. Indeed, there was a real chance that the Swedes might have withdrawn their sponsorship in all the circumstances last night.

13. The Secretary-General was consulted about the Swedish proposal during the course of the evening. At first he was hesitant but later he responded to the Swedish approach and in a relatively short time had mapped out practicable arrangements for implementing it. Apparently he proposed to draw on UNTSO and elsewhere, at least in the initial stages, for military observers, perhaps twenty in all. This military group would be backed up by a political group of three consisting of a Norwegian general; Jung who is currently India's High Commissioner in Karachi; and a senior diplomat of Ecuador. Even while the outcome of the Council proceedings was still in doubt the Secretary-General began informal approaches to the governments concerned.

14. By comparison with yesterday, events in the Council moved smoothly today. Statements were made by Japan, Panama, Colombia and China. We have already sent you the text of the Canadian intervention.† In the main these statements supported the Swedish proposal. Those of Japan and the Latins contained little more than perfunctory acknowledgment of Lebanon's predicament. There were further exchanges between Loutfi and Jamali and Jamali and Sobolev. Malik ended the discussion with a statement which seemed calmer than his earlier interventions and designed not repeat not to irritate the UAR (almost as if he were trying to offset what Jamali had said so intemperately).

15. Shortly after one o'clock a vote was taken in which the USSR abstained. In response to prompting from Lodge the Secretary-General indicated that the observation machinery could begin to move into position in Lebanon within twenty-four hours. In response to Malik the President confirmed that the Council remained seized of the question as was implied in the resolution just adopted. We understood that the Secretary-General would discuss this afternoon with the USA and conceivably others his plans for implementing the resolution.

[C.S.A.] RITCHIE

---

326. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 166-58 [Ottawa], June 16, 1958

SECRET

PROVISION OF CANADIAN OFFICERS FOR UN OBSERVATION GROUP IN LEBANON

On June 11, the UN Security Council passed (with only the U.S.S.R. abstaining) a resolution calling for the urgent despatch of an "observation group to proceed to Lebanon so as to ensure that there is no illegal infiltration of personnel or supply of arms or other materiel across the Lebanese border;" and authorizing the Secretary-General to take the necessary steps to that end. This resolution grew out of a complaint submitted by Lebanon regarding interference in its affairs by the United Arab Republic.

The United Nations observation group, elements of which are already on the ground, consists of a political team of three members — a Norwegian, an Ecuadorian, and an Indian — and is assisted by a corps of military observers, fifteen of whom, including one Canadian, have already been seconded on a temporary basis from the United Nations Truce Supervision Organization in Palestine.

Although it had at first been estimated in New York that about twenty observers would suffice, the Norwegian General in charge of the military observers has since reported to the Secretary-General from Beirut that a minimum of 100 military observers is essential to the success of the operation, and the Secretary-General has accordingly requested Canada and thirteen other countries (Brazil, Burma, Ceylon, Chile, Denmark, Finland, India, Italy, Nepal, Netherlands, Norway, Peru, and Sweden) to supply observers. A Norwegian contingent of ten officers is already on its way; two other countries, the Netherlands and Finland, have already signified their agreement; and a fourth, Italy, is expected to do so very soon. The request to Canada, submitted on June 16, asks for the assignment, "as a matter of the utmost urgency," of ten experienced officers of the armed services of Canada, to join the observation group in Beirut during the week of June 16. The Secretary[-General] has stressed "the necessity for the utmost expedition in meeting the needs of the observation group."

Because of the seriousness of the Lebanese situation and the importance of giving the UN every assistance in the successful execution of its task, it is considered that the request of the Secretary-General should be met without delay.

It is therefore recommended:[76]

that approval be given to the request of the United Nations Secretary-General for the assignment of officers of the armed services of Canada for duty with the United Nations Observation Group in Lebanon.

SIDNEY SMITH

[PIÈCE JOINTE/ENCLOSURE]

Appendice

Appendix

SECRET [Ottawa], June 16, 1958

QUALIFICATIONS AND TERMS OF SERVICE OF OFFICERS SERVING WITH UN OBSERVATION GROUP IN LEBANON (EXTRACT FROM SECRETARY-GENERAL'S NOTE)

The qualifications of the officers to be selected are as outlined in the attached memorandum.† It would be particularly desirable if the officers selected had several years' regular active military service in the field and command experience; they should be from 25 to 45 years of age and in good health; and they should be fully qualified and experienced in driving jeeps. Officers of the rank of Captain or Major would be most helpful in an assignment of this kind. The officers selected should have a thorough knowledge of English; knowledge of French and Arabic would also be useful. While serving with the UN, the officers selected would remain on active service with their own armed forces.

The terms of service are set forth in the attached memorandum. The UN will pay the cost of transportation from Canada to Beirut and return, in accordance with established regulations. While in the area the officers assigned would receive a subsistence allowance equivalent to $10.00 per day. In the event of death or total disability owing to service with the UN, the UN undertakes the obligation of compensating the officer concerned or his estate in the amount of twice his annual salary or $15,000, whichever is the greater. Compensation for partial disability will be pro-rated in proportion to the disability.

---

327. DEA/50162-A-40

L'ambassadeur au Liban
au secrétaire d'État aux Affaires extérieures

Ambassador in Lebanon
to Secretary of State for External Affairs

TELEGRAM 80 Beirut, June 16, 1958

SECRET. CANADIAN EYES ONLY. EMERGENCY.

SECURITY SITUATION IN LEBANON

1. In conversation last night with General Chehab and President Chamoun, the USA Ambassador gained the following firm impressions:

---

[76] Approuvé par le Cabinet le 17 juin 1958./Approved by Cabinet on June 17, 1958.

(a) General is either not repeat not prepared or not repeat not able to restore internal stability with existing security forces.

(b) President has firmly decided that the General must be dismissed, though perhaps only after Anglo-American military intervention had been invoked and

(c) President has fully resolved ultimately to invoke Western military intervention but has not repeat not yet decided to ask for it.

2. The tone of both conversations (which were reported to UK Embassy on highly secret basis and our source here should not repeat not be revealed) reflected complete resignation on part of both General and President to idea that Western military intervention is inevitable. UK officials here find it most disturbing that support pledged when renewal of presidential term was envisaged now seems likely to be invoked to maintain President in power for only few more months, at cost of widespread criticism of "imperialist" intervention plus possible unforeseen military complications, and with most probable outcome after election of new president being early withdrawal of Western forces. They suggest Hammarskjöld's visit to Lebanon offers best available opportunity to head off such unfortunate developments. Accordingly they urge desirability of Canadian government and others exercising maximum persuasion upon Secretary-General to prolong mission here and bring UN influence fully to bear in search of solution to crisis. In UK view personal ambitions of 3 or 4 leading Lebanese personalities appear otherwise likely to drag not repeat not only Lebanon and other Mideast states but Western world into action of potentially dangerous international scope.

3. UK view that critical stage of crisis appears imminent is supported by weekend fighting, and should impress upon UN authorities crucial importance of successful UN initiative seems warranted. End.

[PAUL] BEAULIEU

---

328. DEA/50162-A-40

L'ambassadeur au Liban
au secrétaire d'État aux Affaires extérieures

Ambassador in Lebanon
to Secretary of State for External Affairs

TELEGRAM 81 Beirut, June 16, 1958

TOP SECRET. CANADIAN EYES ONLY. EMERGENCY.
Reference: My Tel 80 Jun 16.

SECURITY SITUATION IN LEBANON

General Chehab told USA ambassador he is convinced trouble will not repeat not be ended by any action of which Lebanese army are capable. Violent, merciless attack of past weekend in Beirut, when army lost 7 killed and 20 wounded, had been checked but in General's opinion restoration of stability could be achieved only through Anglo-American military intervention. The General thought President would summon such intervention soon. When foreign troops landed he (the General) would resign. He thought Lebanese army would not repeat not actively oppose landing and, depending on capabilities of his successor might even give Western troops some support.

2. President Chamoun told ambassador he was satisfied the army could restore order but not repeat not while it was led by General Chehab. However, he was reluctant to dismiss General until "after Anglo-American landing had taken place." He feared that in transitional period while new commander was taking over, rebels might seize full control of Beirut, and resulting state of anarchy would make subsequent landings of Western troops more difficult.

3. USA ambassador pointed out to President grave implications of ideas he was considering, which assumed without reservation that Anglo-American military intervention was to be called for; this would rouse widespread propaganda against "imperialist" intervention and might also involve unforeseen military risks. The ambassador suggested if what was essential was personal guarantee of stability during change of army command, perhaps putting near-by Anglo-American forces on six hours alert would suffice. The ambassador went on to urge that if at worst President felt compelled to call in Western military aid, he might first summon emergency parliament session, outlining case against UAR and calling for immediate opposition union with government to end disturbance. If opposition failed to respond, calling for foreign military aid would have greater (group corrupt) justification. President agreed to give ambassador's comments careful thought. Ambassador left with the impression that while Chamoun was resolved to ultimately request Anglo-American intervention, he realized the importance of presenting need for such intervention as favourably as possible.

4. USA and UK military observers here agree in rejecting General's claim that army are unable to cope with situation and share President's views that stronger army leadership is needed. No repeat no adequate successor is in sight.

5. The President's obvious desire to dispense with General [Chehab], apparently for sound military reasons, seems to raise a very real possibility that Western military pledge to support the government (will be?) invoked, unless the crisis is fully settled soon, preferably through UN.

[PAUL] BEAULIEU

---

329. DEA/50162-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2150 London, June 17, 1958

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Repeat Washington, Permis New York, Paris, NATO Paris, Cairo (OpImmediate) (Information).
By Bag Beirut, Ankara, Tel Aviv from London.

LEBANON

We called on Michael Rose, Head of the Levant Department of the FO, late yesterday afternoon, to discuss the situation in the Lebanon. He told us that over the weekend Malik, who was then in Washington, had asked the UK and USA whether they still stood by the undertaking they had given a month ago to send armed forces to the Lebanon if the

Lebanese government should so request. In their reply to Malik the UK and USA had confirmed that their previous undertaking still held but had pointed out, as they had a month ago, that the undertaking was subject to certain pre-requisites:

(a) UK-USA intervention would have to be presented as designed essentially to protect UK and USA lives and property in the Lebanon. A Lebanese request for military assistance would therefore have to indicate that the Lebanese government were no longer in control of the internal security situation and were unable to protect UK and USA citizens;

(b) The Lebanese army would have to have made a maximum effort to put down the rebellion;

(c) The Lebanese government would have to have appealed to the UN.

2. With regard to point (c), the UK had informed Malik that the recent action taken by the Security Council in sending observers to the Lebanon obviously had implications for the conditions in which UK-USA intervention could be considered. Rose told us that the present UK position was that any Lebanese request for UK-USA intervention could be considered only if the Lebanese had again gone to the Security Council to point out that the UN observation group had proved inadequate and to request the Council to take further action to prevent UAR intervention. The Foreign Office foresaw that the USSR would probably[77] veto any resolution in the Council for further action, and that if UK-USA intervention took place it would take place after such a veto.[78]

3. The UK had urged Malik and Chamoun to ensure that all the evidence of UAR intervention in the possession of the Lebanese authorities be made fully available to the UN observers, so that the latter would have sent appropriate, and well documented, reports to the Secretary-General. The Foreigh Office had also toyed with the idea that in passing evidence of UAR intervention to the UN observers the Lebanese government might officially request the observation group to put an end to the continued foreign intervention. The idea would be that if the UN Observer Group should prove unable to stop the flow of foreign arms and personnel into the country, they should at least put this inability explicitly on the record.

4. Rose reiterated that the purpose of Malik's weekend approach to the UK and USA appeared to have been to get them to reaffirm their previous undertaking. Malik had given no indication that the Lebanese government was considering an imminent request for UK-USA intervention.

5. On the other hand the Lebanese situation had recently deteriorated in two important respects. While the latest report from the UK Ambassador in Beirut indicated that the situation on June 16 was somewhat less tense than it had been over the weekend, and that the ambassador was able to move around again after being a virtual prisoner in his house for 36 hours, nevertheless the scale and intensity of the opposition offensive over the weekend showed that the rebels had for some months been organizing and arming for large scale operations and that control seemed to be passing to the opposition extremists. The bitterness engendered by last weekend's operations made a compromise between government and opposition now very unlikely.

6. Secondly, whether or not Chamoun carried out his alleged threat of dismissing Chehab, there was no doubt that the feeling of distrust between the two men had developed to a

---

[77] Note marginale :/Marginal note:
? [auteur inconnu/author unknown]

[78] Note marginale :/Marginal note:
NB & before G[eneral] Assembly action [auteur inconnu/author unknown]

point where it was difficult to see much prospect of their now cooperating to bring about the kind of political settlement which had been under consideration in recent weeks and which would require Chamoun and Chehab to act together as the two principals.

7. Rose told us in reply to a question that while any Lebanese request for UK intervention would have to come from both the Lebanese President and the Lebanese government, it would not necessarily have to be supported by the Lebanese Commander-in-Chief.

8. In his approach last weekend Malik had asked the UK to persuade the Jordanians and Iraqis also to give a definite commitment to intervene in Lebanon if this should be necessary. If there were to be any intervention in the Lebanon there would be obvious advantage in having Jordanians and Iraqis among the troops sent in. However, since neither country had a common frontier with the Lebanon such intervention would raise difficult problems of logistics. So far the Iraqis had fully supported the Lebanese on the international front but had not indicated that they would go so far as to send Iraqi troops into the Lebanon. King Hussein, on the other hand, had said he would send troops but had made this conditional on the UK and USA providing "air cover." Rose said he assumed this meant fighter cover over Amman against the possibility of attack by UAR bombers and also over Jordanian troops in the Lebanon. Rose presumed that Hussein probably also had in mind some air transport facilities to get Jordanian troops into the Lebanon.

9. It was thought that the Iraqis and Jordanians would be unlikely to intervene if French troops were involved in a UK-USA military expedition. Rose said that when the possibility of Western intervention in the Lebanon had first been discussed the UK and USA had tried to persuade the French that it would not be in the Western or French interest for the French to be associated with such a move. The French, however, had replied that they would have to participate, and rather than argue the point and create a lot of bad blood during the French domestic political crisis, the UK and USA had not raised the question again with the French. Meanwhile the UK and USA had gone quietly ahead with their own joint planning without the French.

10. We tried to focus attention on the situation which would arise after intervention, but it was apparent that the Foreign Office did not have any clear plan for the subsequent stage of such an operation. They certainly recognized however that there would (be?) many difficulties. Throughout our discussion Rose indicated that the Foreign Office were of course well aware of the grave consequences that would be involved in UK-USA intervention and emphasized that it was only being considered as an absolutely last resort. It was by definition therefore, a step which would be taken only to prevent the complete disintegration of the situation in the Lebanon and the break up of Lebanon as an independent state.

11. Rose recognized that intervention would not solve the Lebanese crisis since what was essential was to establish conditions wherein the moderates of the two religious communities could work out a *modus vivendi*. Regardless of what happened any new government which emerged in the Lebanon would likely be less pro-Western than that of Chamoun. Rose pointed out that the only thing which intervention might accomplish and which apparently could not be done under present circumstances was to restore internal order and peace and thus enable the Lebanese to work out an internal solution themselves. At present it was proving impossible to work out such a solution because the extremists were in control and there were increasingly unsettled conditions in the Lebanon.

12. In answer to our query, Rose said that there were no Anglo-American differences over policy towards the Lebanese crisis and in fact UK cooperation with the Americans on this question had gone very smoothly indeed. They had not yet agreed on all the detailed tactics for handling future developments in the Security Council because this had not been consid-

ered in detail, but there was certainly complete agreement between the UK and USA on the great importance of having the matter up again before the Security Council prior to any intervention by UK-USA forces.

---

330. DEA/50162-A-40

L'ambassadeur au Liban
au secrétaire d'État aux Affaires extérieures

Ambassador in Lebanon
to Secretary of State for External Affairs

TELEGRAM 85 Beirut, June 18, 1958

TOP SECRET. EMERGENCY.
Reference: My Tel 81 Jun 16.

SECURITY SITUATION IN LEBANON

1. One can not repeat not but be profoundly disturbed by irresponsible manner in which question of possible USA-UK military intervention is treated in official circles and in press here. Lebanese problems being basically political and not repeat not military, efforts towards a lasting solution do not repeat not rest with military intervention. Moreover, now that UN is seized of question it would be a tragic error for Western Powers to intervene militarily even at request of President except perhaps as holding operation in response to specific UN appeal. Not repeat not only would Anglo-American intervention greatly compromise what is left of Western influence in this area but showing a lack of trust in UN would be a blow to Organization's prestige in Mideast.

2. For these reasons UN should be given all possible help to carry Security Council resolution to fruitful results. It may well turn out that in long run some sort of UN emergency force will be required to bring about peaceful solution to Lebanese question. But this is only feasible manner of introducing outside military forces.

3. If you agree with our assessment, you might consider it advisable to approach Foreign Office and State Department.

4. Useful related initiative would be to convey to Lebanese authorities our concern that they should make fullest possible use of UN assistance in finding political settlement. Perhaps most effective channel for such step would be approach to Lebanese delegation in New York.

[PAUL] BEAULIEU

331. DEA/50162-A-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM ME-144 Ottawa, June 19, 1958

SECRET. EMERGENCY.

Repeat Paris, Washington, Rome, Hague, Oslo, Stockholm, Helsinki, Copenhagen, Santiago, Rio, Colombo, Lima, Wellington, Canberra, Accra, Kuala Lumpur, Karachi, Delhi, Capetown (OpImmediate).

Repeat Permis New York (Emergency), Beirut, Cairo, Bonn, Brussels, Tokyo (OpImmediate), Ankara, Athens (Priority) (Information).

By Bag Belgrade, Moscow, Tel Aviv, Lisbon, Djakarta, Bogota.

LEBANON

1. I am repeating to you Beirut telegram 85 June 18 containing an assessment with which I am in general agreement of the situation and issues at stake in Lebanon. I should be grateful if you would discuss with Mr. Dulles/Selwyn Lloyd the contents of the Beirut telegram. (Other action addressees [i.e. in those countries requested to contribute to UN Observer Group and posts in Commonwealth countries] should convey to the Foreign Ministry the Canadian position as set out in paragraph 3 below.)

2. You might make this an occasion for mentioning that from the information available here and from New York we find it difficult to conceive of circumstances in which the "specific UN appeal" referred to in paragraph 1 of Beirut's telegram could become the umbrella for a Western holding operation. A Soviet veto could hardly be evaded in the Security Council by resort to the "consensus procedure," the success of which always depends upon unanimous informal agreement to a prearranged course of action; and we would have grave doubts whether a two-thirds majority could be mustered in the General Assembly under the uniting for peace procedure in support of a quick and clear-cut mandate for such action, however temporary its purpose. If, alternatively, the Secretary-General should decide upon a still further enlarged observer corps within the terms of the present mandate, it seems doubtful that he would direct his appeal to any of the Great Powers lest the spectre of Soviet participation be raised; the pattern of his preference is evident from the UNEF precedent and from his selection of contributors to the present observer operation. The burden, it seems, must fall collectively on the shoulders of smaller nations.

3. By approving the assignment of Canadian officers to the UN observation team, the Canadian government has identified itself with the success of the UN operation. I have already referred in the House to this operation as a test — perhaps a crucial one — of the UN's ability to deal with international disputes likely to lead to open conflict.[79] With the Secretary-General already in Beirut and the nucleus of UN observer corps beginning to be deployed in Lebanon, I assume that there will be general recognition that we should all look to the UN for a solution. We earnestly hope that all member states will give

---

[79] Voir Canada, Chambre des Communes, *Débats*, 1958, volume II, p. 1262.
See Canada, House of Commons, *Debates*, 1958, Volume II, p. 1204.

Mr. Hammarskjöld every opportunity to demonstrate the capacity of the UN to deal with the situation in Lebanon.

SIDNEY SMITH

---

332. DEA/50162-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1409 Washington, June 19, 1958

TOP SECRET. EMERGENCY.
Reference: Your Tel ME-144 June 19.
Repeat London, Permis New York, Paris, NATO Paris (OpImmediate) (Information).
Repeat Cairo deferred from Ottawa.
By Bag Beirut, Ankara, Tel Aviv from London.

LEBANON

On receiving your reference telegram and Beirut telegram 85 June 18 to which it refers, I sought an interview with the Secretary, but Mr. Dulles was tied up as a result of President Garcia's state visit. Rountree, who heads up Mideastern questions could not repeat not give me an appointment before tomorrow, and since Herter was going out of town, I thought it best to follow up this message urgently with a further discussion with Francis Wilcox (Assistant Secretary, International Organization Affairs). Wilcox was accompanied by appropriate desk officers from the European regional and Mideast sections of the Department.

2. I left with him a summary of the message from Beaulieu based on paragraphs 1 and 2 of Beirut telegram 85 June 18, and at the same time transmitted the views contained in your reference telegram indicating your general agreement with the assessment contained in the message from our mission in Beirut and your further observations. Wilcox examined our assessment carefully, and said that he was in general agreement with the views set forth in this message. (His first reaction was to say that he agreed with every word of it.) He seemed somewhat surprised by the reference in the first sentence of the Beirut assessment to the loose talk in official circles in Beirut concerning the possibilities of UK-USA military intervention. Wilcox said that the USA was doing everything possible to support and encourage Hammarskjöld in his present efforts, and he noted also the prompt response on the part of Canada and the other governments concerned to the Secretary-General's requests for observers. In addition to the presence of the observer corps, he was hopeful that Hammarskjöld's own presence in Beirut would be helpful in stabilizing the situation. His understanding was that Hammarskjöld had just arrived and intended to take personal command of the UN arrangements, and for their part the USA authorities, through the provision of transport facilities and in other ways, would do all they possibly could to help him.

2. I asked Wilcox to what extent he thought Hammarskjöld, in addition to his specific responsibilities, might exercise his efforts in the direction of a political solution. He said that there was no doubt that his presence would be helpful. Wilcox said that they had just had word of Hammarskjöld's plans to visit Cairo after he had been in the Lebanon. (He

understood that before the Secretary-General's departure he had received a message from Fawzi through Loufti wishing him "bon courage." This might possibly be a propitious omen in the constructive work which Hammarskjöld would undertake both in talking with political leaders in Beirut and in seeking to induce restraint on the part of Nasser.)

3. With regard to the points made particularly in paragraph 2 of your reference telegram, Wilcox recognized the various difficulties with which the UN might be faced, but he did not repeat not attempt to project matters beyond the present period of supporting the present UN operation as strongly as possible, drawing attention to the valuable role which could be performed by UN observers in reporting their observations promptly to the UN.

4. On the immediate situation in the Lebanon, he made the interesting observation that they had received a report originating with the UK mission in Beirut to the effect that despite the present difficulties in the situation it was thought that the position could be held until September.

5. Wilcox concluded by indicating that he would, of course, transmit our assessment and your views at once to the Secretary of State.

[N.A.] ROBERTSON

---

333. DEA/50162-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2181 London, June 19, 1958

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Our two immediately preceding tels.†
Repeat Washington, Permis New York, NATO Paris (OpImmediate) (Information).

SITUATION IN THE LEBANON

We have been given in strict confidence an account of a conversation last night between Mr. Dulles and the UK Ambassador in Washington about the situation in the Lebanon and what to do next. It is, however, essential that no indication be given to UK officials in Washington or elsewhere that we have been given this account of a private bilateral UK-USA discussion which was passed to us on a personal and highly confidential basis.

2. Apparently, now increasingly concerned about the blank cheque that was given some time ago to Chamoun, Mr. Dulles suggested to Sir Harold Caccia that a joint UK-USA message should be sent to the Lebanese President emphasizing the hope that the Lebanese government would itself be able to cope with the situation with the help of the UN observers and the economic and military aid which the UK and USA are already giving. Mr. Dulles suggested that the message should point out the grave dangers that would be involved in military intervention by the USA and the UK, emphasizing that such intervention would not repeat not solve the present difficulties of the Lebanese government but would only exacerbate them by fomenting anti-Western feeling and Pan-Arabism, and by strengthening pro-Nasser elements, both in the Lebanon and throughout the Mideast. Mr. Dulles suggested, therefore, that the message should express the strong hope that

Chamoun would not repeat not in fact face the USA and UK governments with an appeal for military intervention.

3. Mr. Dulles went on to suggest that in order to convince Chamoun of the steadfastness of USA-UK support and to encourage him to act decisively, the message to him should go on to indicate that the USA and UK governments were not, repeat not, pressing Chamoun for any decision at this time about his own future, and that the real issue at present was the integrity and independence of the Lebanon rather than any mere question of constitutional legalism.

4. We understand that Rountree and Rockwell of the State Department, who were present at the meeting, questioned the wisdom of giving Chamoun any encouragement about continuing as president, contrary to the Lebanese constitution, after the expiry of his term of office next September. Rountree and Rockwell apparently pointed out that Chamoun lacked any backing in the country and that it would be impossible for him to maintain his position against the opposition of all Moslem elements in the Lebanon. They suggested therefore that on the contrary the USA and UK should encourage Chamoun to make concessions now to the opposition.

5. The meeting was interrupted at this point and Sir Harold Caccia has asked the UK government for instructions. Senior UK officials' advice agrees with that of Rountree and Rockwell, but the UK government's decision on this matter is not yet known.

---

334. DEA/50162-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 2194 London, June 20, 1958

TOP SECRET. OPIMMEDIATE.

Reference: Your Tel ME-144 and our Tels 2178 to 2181 all Jun 19.†

Repeat Washington, Permis New York, Paris, NATO Paris (OpImmediate), Cairo (Priority) (Information).

By Bag Beirut, Tel Aviv from London.

LEBANON

In the absence of Selwyn Lloyd from London, I saw Sir William Hayter and left with him a summary of your telegram and copies of Beirut telegram 85.

2. There is little to add to our reference telegrams. Hayter said that the UK position was very close to ours; the UK government would be most reluctant to intervene militarily in Lebanon; nonetheless they would not renounce their legal right to do so if a clear request for help was made by the legally constituted government of Lebanon.

3. Hayter said that the UK and USA had now made it clear to Chamoun that there could be no question of intervention by them unless the present UN operation was demonstrated to be inadequate and until there had been another round of consideration of the problem in the Security Council. In effect Chamoun had been told that the blank cheque given to him by the UK and USA had been post-dated and it had to be cleared through the Security Council.

4. Hayter thought it extremely unlikely that the necessity for UK/USA intervention would arise. It was a hundred to one against. The UK also hoped all members of the UN would give the Secretary-General every opportunity to demonstrate the capacity of the UN to deal with the situation. Mr. Lloyd had particularly asked him to say he hoped the Canadian government would do everything it could to support the Secretary-General, recognizing that Mr. Hammarskjöld would not repeat not call upon any of the Great Powers.

5. With regard to further action in the Security Council, Hayter did not elaborate but he said that they agreed completely that the "consensus procedure" could not possibly work. They are evidently counting on the UN observation group to hold the situation for the foreseeable future. He said that they had heard from Dixon in New York of talk of a need for observer forces of up to a division and that the UK Ambassador in Washington had been instructed to urge the State Department not to be deterred from going along with an extension of the observation group to this extent.

6. Hayter thought Chamoun should be urged to declare that he would not try to stand for re-election but no action had been taken on this score as there were differences of opinion on both sides of the Atlantic as to the propriety and usefulness of saying anything to Chamoun one way or another.

7. Hayter said that in addition to ourselves and the Norwegians, the Swedes had also made representations to which the UK had responded in the same sense (see our telegram 2179).

---

335. DEA/50162-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

TOP SECRET Ottawa, June 20, 1958

SITUATION IN THE LEBANON[80]

In the absence of Sir Saville Garner who, as you are aware, is in London, his Deputy, Mr. Francis Cumming-Bruce, came to see me to discuss points of substance and procedure related to the crisis in the Lebanon.

2. At the outset of his comments Mr. Cumming-Bruce said that the United Kingdom Government placed the utmost importance on keeping the Canadian Government fully aware of their own views on the situation and obtaining Canadian reactions to the problem.

3. The immediate point of procedure at issue is the possibility of being faced at a few hours' notice with a request by the Lebanese Government for a further meeting of the Security Council. There are definite indications that President Chamoun and his Foreign Minister, Dr. Malik, who is still in New York, may call for such a meeting of the Security Council. It is likely that coupled with the calling of such a meeting, the President of the Lebanon would also ask for United States and United Kingdom intervention. This point of procedure cannot therefore be looked into in a vacuum but must be related to this possible development.

---

[80] Note marginale :/Marginal note:
Seen by the PM (and also by SSEA June 23) [auteur inconnu/author unknown]

4. In discussing this matter I told Francis Cumming-Bruce that I thought the Canadian Government would give the greatest weight to the recommendations of the Secretary-General who was on the spot and was therefore in a very good position to judge the consequences of a precipitate meeting of the Security Council. Mr. Hammarskjöld was in charge of operations in which Canadian officers were involved and it was but normal that this confidence be placed in him by the Canadian authorities. Furthermore, it would be most awkward to hold a meeting of the Security Council in the absence of the Secretary-General on a subject which he himself was investigating. On the whole, therefore, we felt that no precipitate decision should be taken as regards the calling of a Security Council meeting.

5. The points of substance were all related to future moves at the United Nations since it seems to be now generally agreed in London and Washington that no military intervention will be undertaken without a reference to the Security Council and possibly the Assembly. Such actions would be predicated on the premise that the United Nations observer corps as now constituted could not meet the present situation. In attempting to clarify the position of the Canadian authorities, Mr. Cumming-Bruce and myself discussed the three following hypotheses:

(i) A UNEF type of operation without the participation of the great powers after approval[81] by the Security Council, or, if vetoed, by a two-thirds majority in the Assembly.

I gave it as my opinion that the Canadian Government would support such a development.

(ii) A UNEF type of operation with the participation of some great powers (the United States and the United Kingdom) and approved by the Security Council or, if vetoed, by a two-thirds majority of the Assembly.

I believed that the Canadian Government would also endorse such a development.

(iii) A UNEF type of operation with the participation of the great powers (the United States and United Kingdom) but vetoed in the Security Council and discussed in the Assembly without obtaining a two-thirds majority.

6. I told Cumming-Bruce that I was not aware that this possible development had been discussed by Ministers and that I could therefore not give him any views on the Canadian attitude. I pointed out, however, that I thought it was most unlikely that a two-thirds majority could be obtained in the Assembly for this type of operation. If this majority were not forthcoming, then I presumed that the operation would have to be conducted outside the framework of the United Nations altogether. This would naturally place countries like Canada that had agreed to participate in the more restricted type of operation already approved by the Security Council in a most invidious position. It seemed to me that we should exhaust all possibilities of United Nations action before launching on a course which would not have the support of the United Nations.

7. Mr. Cumming-Bruce then raised the possibility of intervention under Article 51 of the Charter, under which the Lebanese Government could request the United States and the United Kingdom for assistance. You are aware that the line taken by Mr. Selwyn Lloyd is that if the Lebanese Government ask for support to enable them to preserve law and order, then granting such military support for such domestic purposes would be legal. I told Francis Cumming-Bruce that I did not quarrel with this interpretation, although I was

---

[81] L'annotation du premier ministre Diefenbaker en marge du document remplace les termes « and approved » par « after approval ».

Prime Minister Diefenbaker's marginal notation replaced the words "and approved" with "after approval."

aware that the Secretary-General of the United Nations questioned it; I believed that the decision to land troops should be taken in its political context and that it would be absurd to take such a decision even if it could be extended under Article 51 if the end result was to exacerbate the situation not only in the Lebanon but throughout the Middle East, instead of solving the problem at issue.

8. I am taking the liberty of referring these comments to you in the absence of Mr. Smith. If you agree generally with the line taken during this conversation, I shall so inform our Permanent Delegate at the United Nations.

J. L[ÉGER]

---

336. DEA/50162-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], June 25, 1958

LEBANON

The United Nations Secretary-General is now scheduled to return to New York Thursday or Friday of this week and is thereafter expected to utilize the ensuing few days for the purpose of preparing his report for the Security Council. We can, I think, expect the Council to be convened in routine session to hear the Secretary-General's report not sooner than early next week. The present might be an opportune moment to take stock of recent developments and the possible future course of events.

2. Since the Security Council last met on June 12, the likelihood of US/UK military intervention has greatly diminished. The "blank cheque" which they originally gave to the Lebanese Government, and which did not distinguish between upholding Lebanese independence and guaranteeing the present Lebanese Government, has progressively been overlaid with conditions which now amount to a US/UK pledge not to intervene directly in the Lebanon unless and until the Lebanese Government has had full recourse to the orderly processes of the United Nations. Direct intervention under Article 51 has now become a course of action which would be undertaken only as a last resort if all efforts under United Nations auspices should fail. The conditions which the Lebanese Government would have first to fulfil may be summarized as follows. They would have to:

(a) declare that the Lebanese Government were no longer in control of the internal security situation and were unable to protect US and UK citizens;

(b) demonstrate that the Lebanese army had made a maximum effort to put down the rebellion;

(c) reconvene the Security Council for the purpose of declaring that the United Nations observation operation had proved inadequate.

It has further been made clear that any request for intervention would have to come from both the President and Cabinet of the Lebanon; finally, and most important, the Lebanese Government have been urged to do everything in their power to avoid a situation in which such a request for intervention would be made, having regard to UN action already taken.

3. As the likelihood of direct intervention recedes, it has been replaced by new difficulties surrounding the next steps which are legally and politically feasible under UN auspices. As

you know, the existing mandate given to the Secretary-General by the Security Council limits the UN operation to that of observing rather than policing the frontier, i.e. the difference between an Observer Corps and a UNEF type of operation. The first can exert only a moral pressure against the infiltration of arms and personnel by exposing such action to world opinion; the second would be armed and authorized to prevent such infiltration and would involve a military operation of far greater magnitude. The Lebanese Government make no secret of their preference for a UNEF type of operation as they are well aware that they have so lost control of territory and the internal security situation that they cannot remain much longer in power without either:

(a) a decisive military victory over the rebels (which seems unattainable because of the Government's inability fully to commit the Lebanese army), or

(b) outside assistance either in the form of US/UK military intervention or a UN Emergency Force. As the possibility of the former has receded, Lebanese efforts are now concentrated on attaining the latter — a UN Force. Press reports say such a force has now been officially requested.

4. These new factors have placed the United States and United Kingdom in a delicate position. They, too, would like a political rather than a military solution and in consequence have recently been placing renewed emphasis on the distinction between upholding the independence of Lebanon and upholding the continuation in office of any particular régime. At the same time, however, they are anxious that the transfer of powers from Chamoun to a successor yet to be named should not appear either as a victory for the rebels (and indirectly, they fear, as a victory for Nasser) or as evidence of the failure of the Western powers to support a "friendly" régime. It is in fact the repercussions on Iraq and Jordan which they have in mind rather than the consequences in Lebanon. Therefore, like the Lebanese Government, the United States and United Kingdom tend to see virtue in the conversion of the present observer operation into a UN force — though for very different reasons to those entertained by President Chamoun. The Western powers are aware that the sealing of the frontier would not necessarily determine the outcome of the internal political issue — the future of President Chamoun and the present Lebanese Government — and that it would in the end lead in all probability to the creation of a régime less committed to the West. They would hope that the successor régime would be benevolently neutral, but in any event seem prepared to risk this much in exchange for a solution which will enable them gracefully to extricate themselves from the commitments they have given to Chamoun.

5. If the Secretary-General should call for the creation of a UNEF, we would doubtless give our support. There are, however, difficulties surrounding any proposal to convert the observer operation into a UNEF:

(1) It could not in all probability be accomplished in the Security Council as the USSR has made it plain that it would regard any such proposal as a Western device to have the UN "intervene" in Lebanese domestic politics. Assuming that the UAR would be opposed for similar reasons, I think we can assume a Soviet veto.

(2) Transferred to the General Assembly under the Uniting For Peace procedure, two factors would tend to militate against 2/3 support for such a proposal:

> (a) Unlike the circumstances surrounding the creation of the UNEF for Palestine, there is in the Lebanese situation no clear aggressor and therefore no two opposing armies between whom to interpose a UN force. There is evidence of external interference, but the UN has never defined what constitutes aggression and has never agreed on criteria to distinguish an external attack from internal subversion. A General Assembly debate

would probably degenerate into a wrangle on these issues, with no clear majority, in favour of a quick or clearcut decision to authorize the creation of a UN force. I am inclined to believe that this would be the outcome even if the great powers were excluded from participation in the force.

Because of the uncertainties surrounding the political and military requirements of the Lebanese situation, the cost factor would probably loom large in the Assembly's deliberations. A UNEF of a size capable of sealing the mountainous Lebanese frontier has been variously estimated between 5,000 and 20,000 men. The UNEF now operating in Egypt has worked out on an average at approximately $5 million per 1,000 troops per year. The costs in Lebanon could therefore be expected to range between a minimum of $25 million and a maximum of $100 million, depending on the ultimate size of the force. With the difficulties that have been experienced in financing the present UNEF by general assessment of the UN membership, it may be doubted whether, in the less clear and urgent circumstances surrounding the Lebanese crisis, the Assembly would readily assume these additional burdens.

6. In these circumstances the Secretary-General may find it preferable to have United Nations action which would in effect create a force capable of sealing the Frontier but without calling it a UNEF or authorizing it to undertake police functions. The resolution of June 11 which authorized the creation of the present observation operation placed no upper limit on the numbers of observers. It could, we think, be expanded to some hundreds without new authority. It would "seal" the frontier in the sense that no external infiltration of arms and personnel could continue unobserved, though the force would still not be empowered to prevent such infiltration by force of arms. There is some possibility that the Secretary-General may himself propose such an enlargement of the Observer Corps when he reports to the Security Council, conscious as he is that a UNEF type operation is not fully appropriate to a situation in which the line between external aggression and civil war is so indistinct. He will no doubt be acutely aware that with almost the entire frontier in rebel hands an armed police force might find itself compelled to fight its way to its place of duty — an intolerable position in which to place a UN force — unless, of course, the force could be stationed on the Syrian side.

7. The United States and United Kingdom have informed us that they will take full account of the Secretary-General's recommendations. Should they be for an expanded Observer Corps as an alternative to a UNEF, such an approach would, I suggest, merit our full support as the least dangerous and difficult of all the alternatives before us.

J.B.C. W[ATKINS]
for Under-Secretary of State
for External Affairs

337. DEA/50162-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1467 Washington, June 25, 1958

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Our Tel 1439 Jun 24.†
Repeat Permis New York, London, Paris, NATO Paris (OpImmediate) (Information).

LEBANON: OUTLINE OF USA POSITION BY SECRETARY OF STATE

In the Ambassador's absence we were asked by Secretary Dulles to call on him this afternoon to follow up Mr. Robertson's suggestion to Wilcox on June 24 that it would be helpful to have a fuller indication of the message which it was understood the Secretary had sent last week to President Chamoun. Mr. Dulles was accompanied by Burke Elbrick (Assistant Secretary, European Affairs), Francis Wilcox (Assistant Secretary, International Organization Affairs), and Stuart Rockwell (Director, Office of Near Eastern Affairs). The Secretary said that he was anxious to see that the Prime Minister and the Canadian authorities were kept fully posted on USA thinking in the present difficult situation in the Lebanon. He regretted however that it would be difficult for him to let us have the text of the particular message about which our enquiry had been made, partly because it had not repeat not been prepared as an aide-mémoire or formal document, but rather as a telegram of general instructions to McLintock to serve as a basis for his talks with President Chamoun.[82] He also indicated that it was one of a series of messages which had been exchanged back and forth and would be not repeat not very meaningful in isolation from the others which it would scarcely be practicable to collect together. At the same time, he emphasized his preparedness to give to the Canadian Government a clear indication of the content of the message and also of the background of the present difficulties as he saw them.

2. With this introduction, the Secretary made the following points by way of a general outline of how he viewed the present difficulties and recent developments. In the first place, Mr. Dulles said that there was no repeat no doubt in "our minds" that the present civil revolt in the Lebanon (which he described as the country in that area most favourable to the West "next to Israel") was instigated by the UAR with the approbation and support of the USSR. He added that it is quite true that this civil revolt has internal aspects and indeed revives and capitalizes on the internal political and communal difficulties within the country between Christians and Moslems. The fact, however, that this insurrection or civil war has these genuine internal aspects does not repeat not remove the problem from the area of international concern. Here he mentioned the techniques of indirect aggression and subversion on which there were "reams of evidence," including, according to the Secretary, evidence relating not repeat not only to inflammatory broadcasts but to the movement of arms, ammunition, and appreciable numbers of personnel across the Syrian border. The UAR and the USSR took the line that the Lebanese situation was essentially a civil war.

---

[82] Voir/See United States, Department of State, *Foreign Relations of the United States, 1958-1960, Volume XI*, Washington, United States Government Printing Office, 1992, pp. 158-160.

Mr. Dulles recalled that at the time of the Korean aggression, the Soviets and their satellites had also argued similarly that the Korean war was a civil war, and indeed that the UN had committed an aggression by its actions.

3. To meet this type of situation, he referred to the "Essentials of Peace" resolution of 1949 (290 (IV)) whereby there had been undertakings to refrain "from any threats or acts direct or indirect aimed at impairing the freedom, independence or integrity of any state, or at fomenting civil strife and subverting the will of the people in any state." On the basis of this resolution, in the USA view, there was a clear case for international concern in the face of recent developments in the Lebanon. Mention was also made of the USA Mideast resolution and the commitment to maintain the independence and integrity of the states in the area, (which he referred to as the Mansfield Amendment). There was also the Tripartite Declaration of 1950[83] which, although arising out of the relations between the Arab States and Israel, in its final paragraph appeared to the Secretary (whose recollection of the language was somewhat imprecise) to require the three governments to prevent violations of frontiers or armistice lines. Finally, he referred to a number of presidential declarations made over the period since 1950 reflecting the determination to maintain the independence and integrity of the states in the area. Thus, despite the contention of the UAR and the Soviet bloc that present developments in the Lebanon are essentially an internal matter, there is ample evidence to justify the present international concern.

4. Mr. Dulles continued that, in the light of developments, it had been indicated to President Chamoun last May that the USA would endeavour to provide assistance for him. The original concept was that (particularly since fighting was not repeat not taking place primarily in the Beirut and Tripoli areas), the USA would respond to an appeal from the Government of the Lebanon to send forces to assist particularly in the protection of USA citizens. Mr. Dulles said that this was not repeat not intended to be a fighting mission, but rather a force which, by assisting in the protection and evacuation if necessary of USA nationals, would relieve the burden falling on the Lebanese national forces, leaving the latter to operate freely in the interior of the country. He made it clear that such an undertaking had been made contingent on a prior reference by the Lebanese Government to the UN, and on appropriate UN action. It was also expected that such a Lebanese appeal would be endorsed by other neighbouring Arab States. Later on, he continued, when it seemed that President Chamoun and government forces were not repeat not conducting themselves with particular vigour, still another condition was added. This was that there should be close cooperation by Lebanese forces with any USA forces which might be sent in on a protective mission of this kind.

5. The next phase in the record as he outlined it was the Lebanese appeal to the Security Council and the subsequent Security Council Resolution. Shortly after this phase, President Chamoun had told the USA Government that his Cabinet had given him authorization to make a request for assistance (with parallel action vis-à-vis the UK Government) should circumstances make this necessary.

6. The next step was the message to the USA Ambassador in Beirut about which we had enquired. This had been despatched on June 19 in the form of an instruction to McLintock requesting him to see Chamoun and to speak on the basis of these instructions. McLintock was to seek to impress upon Chamoun the serious consequences which could flow from a decision in Beirut to call upon forces from outside, particularly in view of the Security Council resolution which had been passed. Such action would lead to a sharp increase in

---

[83] Voir/See Volume 20, Document 700, note 47.

the Nasser and pan-Arab propaganda, and would intensify and increase the President's own domestic problems. There were indications from such Arab States as Iraq, Jordan, and Saudi Arabia that the governments of these countries would regard such outside intervention as extremely undesirable. Mr. Dulles emphasized to us that while the USA had not repeat not withdrawn from its original position, developments since the earlier period of May had made it less likely that they would need to pursue the original course envisaged.

7. One interesting sidelight on the local situation in Beirut to which the Secretary referred was McLintock's report of President Chamoun as a man who was often jittery at night but usually calmer with the coming of daybreak. This personal characteristic had made it all the more necessary to explain to him the serious consequences of calling for outside intervention, a step which the Secretary said would be a serious measure fraught with very grave consequences.

8. In turning to the events of the last week, Mr. Dulles said that although the situation had continued to deteriorate in some respects, the presence of UN observers and the Secretary-General had helped to preserve a calmer mood. It was now definitely the USA view (and this Mr. Dulles said he had conveyed to Malik as well as to the Lebanese authorities on the spot in Beirut) that an appeal should not be made for direct intervention outside the UN framework.

9. In speaking in broader terms of the Lebanese crisis, Mr. Dulles spoke of the concern felt by states along the periphery of the Soviet orbit (he mentioned for example Turkey, Iran, Thailand, and Vietnam) that if the Lebanon were to go under in the face of indirect aggression, their own death knell would also be sounded. There was a real danger that such states would feel that, if this kind of thing could happen in the Lebanon, it could happen elsewhere. This apparently was leading some of them to encourage Chamoun to seek outside help. It was of the utmost importance that President Chamoun should not repeat not act recklessly. On the other hand, if Nasser were to get away with the breakup of the Lebanon as an independent state, this would be a disaster which Mr. Dulles said would be no repeat no less grave for world security than the effect of the aggression in Manchuria and Abyssinia on the League of Nations. He said that Burgess had been asked in the NATO Council which was today considering the Lebanese question to make clear the position as it is seen by the USA. The problem was, Mr. Dulles said, to try if possible to avoid two disastrous courses of action, one which would flow from the consequences of Western intervention, (which he at one point referred to as Anglo-American-French intervention) and the other which would flow from the consequences of a failure to help the Lebanon in its plight. The hope was to try to develop a middle course through UN action, which would avoid the use, so far as possible, of Western and particularly Anglo-American forces. Coupled with this, he added that there was some evidence of the possibility of moving forward towards a political solution of the internal problems in the Lebanon, although he was not repeat not specific on the shape such a solution might take. To be satisfactory, however, there would have to be assurances that the Lebanon was not repeat not to become just another puppet state of Colonel Nasser.

10. We commented that in our own appreciation, particularly of the position at the moment, we placed great emphasis on Hammarskjöld, his role, and his recommendations, and the Secretary agreed that he shared our view. On the question of action following Hammarskjöld's return, and in reply to our query, he said that it was important that there should be no repeat no "precipitate action" to reconvene the Security Council, and that the first step would be to hear what Hammarskjöld has to say. Wilcox, who was among those present, commented at the end that there were some reports that there might be a serious recurrence of the fighting in the Lebanon tomorrow.

11. Mr. Dulles concluded by asking us to pass these views on to you and the Prime Minister with the assurance that he and the State Department wished to keep the Canadian authorities as fully informed as possible, recognizing as he said that in the resolution of the present difficulties Canada had an important part to play.

12. Mr. Dulles' desire to inform us as fully as possible on this occasion is evidenced by the fact that he carried on the conversation for some three quarters of an hour on a busy day.

13. Please see that a copy of this message reaches Mr. Robertson as promptly as possible.

---

338. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1001 New York, June 27, 1958

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: Our Tel 990 Jun 26.†

Repeat Washington, London, Paris, NATO Paris (Priority) (Information).

Repeat Cairo (Priority) from Ottawa.

By Bag Tel Aviv, Tokyo, Wellington, Moscow, Delhi, Oslo, Rio, Rome, Stockholm, Jakarta, Hague, Karachi, Kuala Lumpur, Madrid, Accra, Ankara, Athens, Belgrade, Bogota, Bonn, Brussels, Canberra, Colombo, Copenhagen, Beirut from London.

LEBANON

Following information on Hammarskjöld's recent trip, as told this morning, was obtained from the same source as that reported in our telegram 972.† Both the information and the source should be carefully guarded.[84]

2. The opinion of the UN Observer Group, as expressed by Galo-Plaza (Ecuador) and confirmed by Hammarskjöld is that "we have all been taken for a ride."

3. Hammarskjöld's broad conclusion is that there is no repeat no real threat to Lebanon's independence from any outside quarter, and that the root of Lebanon's internal problems is Chamoun. He found that Chamoun, although a charming man, had little political sense and that there was no repeat no effective contact between Chamoun and the Lebanese people. Chamoun had not repeat not consulted others on his plans for dealing with the present troubles, on the possibility of USA-UK intervention or on the matter of UN action. Opposition to Chamoun and insistence on independence are the only two points of agreement among the opposition groups. In Hammarskjöld's view, there is no possibility of Lebanon becoming a satellite of Egypt as long as they are left alone.

4. In Lebanon, the Secretary-General investigated some of the charges of intervention made against the UAR. Six Syrian officers were claimed to have been captured; in fact only two were produced for interrogation by UN observers in the presence of Lebanese government officials. They turned out to be teenagers who could not repeat not even write

---

[84] Note marginale :/Marginal note:
Norway [auteur inconnu/author unknown]

their own name and who had merely come over the border on a spree. The only heavy weapon (i.e. apart from small arms) from foreign sources that the Lebanese could produce was an old 120 mm French gun of pre-World War II vintage. The Lebanese had claimed to have captured several gun posts and killed Syrian officers who manned them, but they could not repeat not produce either the posts or the alleged bodies. On the other hand there were in the regular Lebanese army many officers of Syrian origin who had fled from the previous Syrian régime.

5. In talking to Chamoun, Hammarskjöld had argued that the Lebanese situation had none of the characteristics of the Korean situation and therefore did not repeat not warrant armed intervention. If intervention were to be undertaken, however, it would take one division (three times the present Lebanese army) which would surely look like foreign occupation. A UNEF of only five thousand would be too small to seal off the whole border in the way the Lebanese had been suggesting. Moreover, they would have to shoot against the Lebanese themselves and they would give the appearance of an anti-Moslem operation carried out by a predominantly Christian force. For all these reasons Hammarskjöld was opposed to an emergency force and Chamoun agreed on each count. The Lebanese Government has in fact made no repeat no formal request for such a force.

6. In Cairo Hammarskjöld obtained from Nasser certain assurances of non-intervention in Lebanon affairs. These assurances have reportedly been confirmed in writing in a letter which Hammarskjöld despatched to Nasser on his return to New York. We have not repeat not yet obtained details of this letter but we understand that a copy has been given in strict confidence to Lodge, who flew to Washington today to show it to the President.

7. We understand the information outlined above has been given in full to the USA and Swedish representatives in addition to the Norwegian representative, but only a small part of it has been given to the UK and Lebanese representatives. Pierson Dixon (UK) was told that Hammarskjöld had been very encouraged, by his talks in Beirut and Cairo, that the present UN measures would be effective in bringing an end to the crisis. According to the UK delegation, Hammarskjöld said that he had been able to obtain a "seven day period of quiet" during which he hoped a political settlement in Lebanon could be worked out. The UK delegation informs us that in fact the Foreign Office is now exploring with their people in Beirut the possibility of such a settlement.

8. Hammarskjöld apparently told Malik (Lebanon) enough of his impressions to put Malik's wind up. Malik reportedly tried to revert to the theme of UAR intervention and crisis by referring to the mines that had recently wounded a UN observer, but Hammarskjöld replied by pointing out that these were Lebanese army mines about which the Lebanese authorities had failed to warn the Observer Group. Malik has reportedly told Jamali (Iraq) that he is very worried by the Secretary-General's present frame of mind.

9. You will deduce from this report that there is now little or no repeat no inclination for an early Security Council meeting, which could only prove embarrassing to Lebanon and to those who have supported Lebanon's case most energetically. The most immediate problem is what sort of a report the Secretary-General should make to the Security Council and how the reports of the Observer Group should be handled. If attention can be directed now to devising an acceptable middle-of-the-road political settlement in Lebanon, the problem in the UN will then be how best to extricate Lebanon and its friends from the position they have taken.

339. DEA/50162-A-40

L'ambassadeur au Liban
au secrétaire d'État aux Affaires extérieures

Ambassador in Lebanon
to Secretary of State for External Affairs

TELEGRAM 100 Beirut, July 3, 1958

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Repeat Cairo (OpImmediate) (Information).

DIPLOMATIC APPROACH TO PRESIDENT CHAMOUN

Acting on instructions, UK, French and USA Ambassadors have spoken to President in following terms. Impasse (appeared to?) have been reached in military sphere and therefore some means of progress on the political front should be sought. It would be useful if Chamoun could indicate to UK Embassy who he considers suitable successor to carry on his policy. Remaining doubts about Chamoun's intention should be cleared up by personal public statement renouncing any aspiration to re-election. Consideration might also be given to widening the basis of Cabinet representation to promote more favourable climate for presidential elections.

2. President replied bitterly that present trouble of his government resulted entirely from pro-Western policy which he had been encouraged to pursue. Now, apparently, he was to be deserted by Western Powers. He was exasperated by advice to declare that he would not repeat not seek re-election; he proposed to finish out his legal term and surely the 3 Western governments could at least support him in this. He would seek active Western intervention only if this becomes essential. He saw no repeat no point in inviting his "enemies" into Cabinet.

3. After President had been calmed by assurances that ambassadors came only in friendship to help him, there was inconclusive discussion about possible successor.

4. UK Ambassador's assessment is that Chamoun's display of anger was largely artificial. Ambassador was concerned, however, because President remained adamant against making any public statement which might help to break political deadlock, and thought possibility that Chamoun may yet seek to manipulate renewal of his mandate could not repeat not be entirely ruled out.

5. Full report sent in my despatch 286.†

[PAUL] BEAULIEU

SECTION B

INTERVENTION DES ÉTATS-UNIS ET DU ROYAUME-UNI AU LIBAN ET EN JORDANIE; SESSION EXTRAORDINAIRE DE L'ASSEMBLÉE GÉNÉRALE DES NATIONS UNIES

UNITED STATES AND UNITED KINGDOM INTERVENTION IN LEBANON AND JORDAN; SPECIAL SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY

340. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 15, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

MIDDLE EAST CRISIS; LEBANON AND IRAQ; EMERGENCY MEETING OF SECURITY COUNCIL OF UNITED NATIONS

5. *The Secretary of State for External Affairs* reported that, following the uprising in Iraq,[85] President Chamoun of Lebanon had appealed to the United Kingdom and the United States for effective aid in sealing Lebanon's borders and for protection of the sovereignty of his country. The President of the U.S. had immediately consulted the Prime Minister of the U.K., who had suggested Mr. Eisenhower get in touch with Mr. Diefenbaker. This had happened last evening. Mr. Eisenhower had indicated that the U.S. would respond to Chamoun's appeal and it appeared that U.S. marines were landing near Beirut at this moment. The press report mentioning the landing also stated that Mr. Eisenhower had announced that troops had been ordered to land in response to the request from President Chamoun, that the U.S. would report its action to an emergency meeting of the Security Council, and that the troops would be withdrawn just as soon as the U.N. was able to stabilize the situation.[86]

The U.K. High Commissioner had been asked during the night what the U.K. intended doing. So far no reply had been received although an announcement was probably being made in the House of Commons at Westminster at the present moment. It appeared from reports of officials that U.K. troops might be sent to Jordan but not to Lebanon.[87]

The powers of the present Iraqi representative at the U.N. were being withdrawn and a new representative despatched from Baghdad. Consequently, the first issue in the debate on the crisis would be over credentials. The U.S. intended to seek the Security Council's approval for the action it had taken, for an appeal to governments for the cessation of infiltration of arms and personnel to the Lebanese rebels, and for the establishment of a U.N. force to protect the independence of Lebanon. This submission would undoubtedly be vetoed by Russia, in which case the U.S. would take the matter to the Assembly under the uniting for peace resolution. It was highly unlikely that the U.S. would receive the necessary two-thirds majority in the Assembly for its proposals, in which case the action taken could be considered only as a bilateral move.

6. *Mr. Smith* submitted instructions for the Canadian representative to the Security Council, whose first meeting on the matter would be held to-day. These provided for the support of the U.S. proposal and for efforts to enlarge its U.N. content, if possible, by reconciling current U.N. action in the Lebanon with measures that might now be taken by the U.S. and the U.K. It was also proposed to express Canadian concern about the well-being of U.N. observers in Lebanon. It was quite possible that Nasser would now demand

---

[85] Le 14 juillet 1958, des officiers de l'armée iraquienne réussissent un coup d'État contre le roi Faysal II, tuant le monarque, le prince héritier et la plupart des membres de la famille royale. Les conjurés proclament immédiatement la république d'Iraq et le brigadier Abdul-Karim Qasim est investi premier ministre. Le premier geste du nouveau gouvernement est de résilier l'Union arabe entre l'Iraq et la Jordanie. Craignant la propagation de la révolution iraquienne, les gouvernements du Liban et de la Jordanie demandent immédiatement le soutien militaire de l'Occident.

On July 14, 1958, Iraqi army officers led a coup against King Faisal II, killing the Monarch, the Crown Prince, and most members of the Royal Family. The plotters immediately proclaimed the Republic of Iraq and Brigadier Abdul-Karim Qasim was installed as the country's Prime Minister. The first act of the new government was the termination of the Arab union between Iraq and Jordan. Fearing that the Iraqi revolution would spread, the governments of Lebanon and Jordan immediately appealed for Western military support.

[86] Voir/See United States, *Public Papers of the Presidents of the United States: Dwight D. Eisenhower 1958*, Washington, D.C.: United States Government Printing Office, 1959, pp. 549-550.

[87] Voir/See *Documents on International Affairs, 1958*, London: Royal Institute of International Affairs — Oxford University Press, 1962, p. 296.

the removal of the U.N.E.F., to which nearly 1,000 Canadian service personnel had been assigned.

He asked what Canada's attitude should be in the event of a U.N. request for further participation in a new U.N. force along the lines of the U.S. proposal.

7. *The Prime Minister* said the U.K. did not intend to be caught in the same position, on this occasion, as they were over Suez, when Mr. Dulles had undertaken to assist the U.K. and France. From the conversation he had had with President Eisenhower and from his assessments of U.K. moves in the past few hours, he was sure the U.K. would not take any step until they were certain of the U.S. position.

8. *Mr. Diefenbaker* said he had told the U.S. Ambassador last evening that Canada would support the U.S. in bringing the matter before the Security Council, express support for U.N. action, and show no opposition to U.S. actions. The Soviet Foreign Minister had called in the U.K., U.S., and French Ambassadors in Moscow, presumably to say that their countries might be precipitating a general war. Mr. Macmillan had intimated that France should stay completely out of any action in the eastern Mediterranean, otherwise the whole Arab world would be inflamed.

In explaining the government's position one should not, at the present moment, go beyond saying that the matter was before the U.N., nor could a decision be taken now on a possible U.N. request for a contribution to a new force in the Middle East.

9. *During the discussion* the following points emerged:

(a) The government should be careful not to put too much emphasis on support for the U.N. Such an attitude at this time would be embarrassing in the House of Commons. In a fluid situation like this, it was advisable not to be rigid or make unnecessary commitments.

(b) It might be desirable to request the withdrawal of the personnel of the Lebanon observer corps to a place of safety. However, notwithstanding worries about the safety of the men in the corps, about all that could be done was to express concern, as the instructions proposed. To do more now was clearly impossible and a Canadian initiative for withdrawal would be severely criticized.

(c) An air of unreality hung over the whole situation. Very little information was available on events in Iraq, Jordan, and elsewhere in the Middle East for that matter. It was impossible to develop plans unless information was provided. The U.K. should be asked to reply to the request made last evening and also to let the government have its views as to the course of events as they saw them. One of the tragedies of Suez was the lack of consultation. So far there had been very little consultation by the U.K. on this occasion.

(d) It might be advisable to postpone the foreign affairs debate scheduled to take place in the House on Thursday. However, there were also considerations against this course. The House was really entitled to debate the issue.

10. *The Cabinet* noted the reports of the Prime Minister and the Secretary of State for External Affairs on the situation in the Middle East and approved the instructions to the delegation at the emergency meeting of the Security Council on Lebanon.

. . .

341. DEA/50162-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM ME-174 Ottawa, July 15, 1958

SECRET. EMERGENCY.

Repeat London, Washington, Paris, NATO Paris, Cairo, Beirut, Athens, Ankara, Belgrade, Karachi, Moscow, Tel Aviv, Delhi, Oslo (Emergency) (Information).

EMERGENCY MEETING OF SECURITY COUNCIL ON LEBANON

1. A letter received yesterday by the Prime Minister from President Eisenhower indicates that by the time the Council meets today, USA forces will have effected landings in Lebanon. The proposal which the USA will lay before the Security Council envisages withdrawal of USA troops and their replacement by a UN force as soon as the situation has been restored.

2. Your instructions, as approved by Cabinet this morning, are:

(1) to support the USA proposal in the Security Council; and,

(2) to maximize the UN content of that proposal, if possible by reconciling current UN action in the Lebanon with such measures as may now be taken by the USA and UK.

3. The status of the Canadian component in UNOGIL may be unclear as a result of landings. Reference should be made to our concern about their well-being in any statement you may have to make.

[SIDNEY] SMITH

---

342. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1074 New York, July 15, 1958

SECRET. EMERGENCY.

Reference: Our Tel 1075.

LEBANON

Our telegram 1075 contains a text of USA draft resolution which will probably be circulated tonight and introduced to the Security Council tomorrow morning. Your instructions and comments would therefore be appreciated urgently by phone. We have already indicated informally to the USA delegation that we welcome this proposal and should be able to support it.

2. This draft has been discussed with Hammarskjöld who, having suggested some drafting changes which have been incorporated in the text, is in agreement with it. An effort

will now be made to obtain the acquiescence, if not repeat not the agreement, of the UAR representative. If this can be obtained, there is some hope that the USSR representative, as in the case of the UNOGIL resolution, will abstain. He may after all regard it as in the best interests of USSR as well as other countries in the area to use this means to obtain the early withdrawal of the USA forces.

3. As to the form of the "contingents" which the USA resolution calls for, the resolution purposely avoids going into unnecessary detail. It is the thought of the USA delegation however that these contingents should be armed and have the restricted right of self defence on the UNEF model.

---

343. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1075 New York, July 15, 1958

UNCLASSIFIED. EMERGENCY.
Reference: Our Tel 1074.

LEBANON

Text of USA draft resolution: "The Security Council, recalling its resolution of June 11 establishing an observer group" to insure that there is no illegal infiltration of personnel or supply of arms or other material across the Lebanese borders," commending the efforts of the Secretary-General and noting with satisfaction the progress made to date by the UN observer group in Lebanon, recalling that the "essentials of peace" resolution of December 1, 1949 of the General Assembly calls upon States to "refrain from any threats or acts, direct or indirect, aimed at impairing the freedom, independence or integrity of any State, or at fomenting civil strife and subverting the will of the people in any State," recalling that the "peace through deeds" resolution of November 18, 1950 of the General Assembly condemned "intervention of a State in the internal affairs of another State for the purpose of changing its legally established government by the threat or use of force" and solemnly reaffirms that "whatever weapons used, any aggression, whether committed openly, or by fomenting civil strife in the interest of a foreign power, or otherwise, is the gravest of all crimes against peace and security throughout the world," noting the statement of the representative of Lebanon that infiltration is continuing and that the territorial integrity and independence of Lebanon are being threatened, and the appeal of the government of Lebanon for military assistance from certain member States and from the UN, noting the statement of the representative of the USA regarding the provision of assistance by USA to the government of Lebanon at its request to help maintain the territorial integrity and political independence of Lebanon, noting further the statement of the USA representative that USA forces will remain in Lebanon "only until the UN itself is able to assume the necessary responsibility to ensure the continued independence of Lebanon" or the danger is otherwise terminated,

(1) calls for the immediate cessation of all illegal infiltration of personnel or supply of arms or other material across the Lebanese borders, as well as attacks upon the government

of Lebanon by government controlled radio and other information media calculated to stimulate disorders;

(2) invites the UN observer group in Lebanon to continue and develop its activities pursuant to the Security Council resolution of June 11, 1958;

(3) requests the Secretary-General immediately to consult the government of Lebanon and other member States as appropriate with a view to making such additional arrangements, including the contribution and use of contingents, as may be necessary to safeguard the territorial integrity and independence of Lebanon and to ensure that there is no repeat no illegal infiltration of personnel or supply of arms or other material across the Lebanese borders;

(4) calls upon all governments concerned to cooperate fully in the implementation of this resolution;

(5) requests the Secretary-General to report to the Security Council as appropriate.

---

344. DEA/50162-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM ME-181 Ottawa, July 16, 1958

CONFIDENTIAL. EMERGENCY.
Reference: Your Tels 1074 and 1075 of Jul 15.
Repeat London, Washington, NATO Paris, Paris (OpImmediate) (Information).
Repeat Cairo (Deferred).
By Bag Beirut.

LEBANON — USA DRAFT RESOLUTION

Our approach to the USA draft resolution contained in your reference telegram is based on the second element in the government's instructions (our ME-174) namely that we should maximize the UN content of the USA proposal in the Security Council, if possible by reconciling current UN action in the Lebanon with such measures as might now be taken by the USA. Accordingly the question of substance which concerns us most is that, since the UN must, as a condition of USA withdrawal, assume the responsibilities undertaken by the USA forces, namely, "to ensure the independence of Lebanon," it would be advantageous to adopt some language in the resolution which would demonstrate that the action taken by the USA is complimentary — or perhaps even subordinate — to that which the UN has already inaugurated. We think that this could be done by inserting, in the second operative paragraph of the draft resolution (after the words "invites the UNOGIL"), the words "with the cooperation of the USA forces until their withdrawal."

2. We realize that this addition would in no sense remove the formidable problems which the Secretary-General would face in giving effect to the balance of the operative clauses, but the primary objective at this stage is to ensure the adoption of the resolution in order to pave the way for the substitution of the UN for the USA forces. Clearly this would be easier if the resolution establishes the closest possible connection between existing UN efforts and the activities of the USA forces in Lebanon.

3. We consider that parts of the preamble of the USA draft are likely to detract from its chances of adoption. Perhaps the two sections recalling the 1949 and 1950 resolutions could be dropped without sacrifice. In addition the reference to the Lebanese allegations of continuing infiltration might be amended to accord recognition to the responsibility of UNOGIL to establish evidence on this very question.

4. Another minor tactical suggestion which we might make is to place the first operative paragraph of the USA draft resolution, calling for the cessation of external acts which might affect the internal Lebanese situation, after the fourth operative paragraph of the USA draft, calling upon all governments concerned to cooperate fully in the implementation of the resolution.

5. We are not sure at the present time of the best means by which our foregoing comments could be made, although we are inclined to believe that bearing in mind that the USA draft resolution has already been circulated it might be best for suggestions along the lines we have made to be advanced either by the U.S. delegation or by members of the Security Council which have not yet spoken in the debate. After consultation with the USA delegation, you might discuss our suggestions with the Japanese delegation or perhaps another of those delegations yet to speak.

6. A final question on which we should welcome your views is whether the implementation of the draft resolution, if adopted, might not be facilitated if, following the example of UNEF, the Secretary-General were to be provided with an advisory committee comprising governments whose direct interests in the Lebanese situation are not such as to disqualify them on grounds of possible lack of impartiality.

---

345. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1085 New York, July 16, 1958

CONFIDENTIAL. OPIMMEDIATE.

Repeat London, Washington, Paris, NATO Paris (Priority) (Information).
Repeat Cairo (Priority) from Ottawa.
By Bag Tel Aviv, Tokyo, Wellington, Moscow, Delhi, Oslo, Rio, Rome, Stockholm, Jakarta, Hague, Karachi, Kuala Lumpur, Madrid, Accra, Ankara, Athens, Belgrade, Bogota, Bonn, Brussels, Canberra, Colombo, Copenhagen, Beirut from London.

SECURITY COUNCIL: LEBANON

Before the adoption of the agenda this morning the Secretary-General made a statement introducing a new interim report from UNOGIL. In it the group reports complete success in obtaining full freedom of access to all sections of the Lebanese frontier. He concluded his remarks with the statement that while UNOGIL will probably not repeat not be the only UN organ to discharge duties in the area, it will always maintain a key role in this work.

2. Lodge then introduced his resolution (our telegram 1075). It had three purposes

(1) to support UNOGIL

(2) to make provision for additional arrangements by Secretary-General as necessary to safeguard integrity of Lebanon

(3) to make provision for prompt withdrawal of USA forces when these arrangements are implemented.

Lodge endorsed the comment made in our statement that the USA action was complementary to UNOGIL. Discretion was left with the Secretary-General, who in cooperation with the observer group, was in the best position to determine the size and number of the forces required. The facilities of UNOGIL were not repeat not adequate, as was now apparent, in view of the plots to overthrow the governments of Iraq and Jordan.

3. Lodge called paragraph 3 the heart of the resolution. He also pointed out as important the preambular reference to the resolutions of 1949 and 1950. He called the Soviet resolution a diversion from the real issue, which was preservation of the independence of Lebanon. Lodge's performance was not repeat not impressive and seemed to lack real conviction.

4. Jarring (Sweden) then asked for an adjournment of an hour or until 3 p.m. so that he could prepare his statement. In fact his request was due to the fact that he had received instructions to introduce a draft resolution (text contained in our telegram 1086 July 16†) which he hoped he could persuade his government to reconsider.

5. In the absence of other speakers, Sobolev asked for the floor and in a long speech spoke of USA hypocrisy in praising UNOGIL, then ignoring its successes and taking independent measures in spite of these. He quoted from the *New York Times* leader of today[88] to support his contention that the real reasons for USA intervention were "to prevent the disease from spreading" and commented that in Russian this "disease" means "Arab nationalism." On the USA draft, Sobolev said that acceptance by the Council of certain preambular paragraphs would mean endorsement by the Council of the USA intervention. The provision of contingents by other nations was a scheme by which the "dirty work" of suppression of popular feeling would then be taken over by the UN. This would be in contradiction of the Charter. He implied strongly that for these reasons the USSR could not repeat not possibly accept the USA resolution. He was sure that in any case no repeat no "self respecting" member of the UN in Asia, Africa, Latin America or Europe would be willing to send contingents to a force such as the USA proposed. If the Council did not repeat not adopt the Soviet resolution, the USA must bear the consequences. Sobolev's intervention was very effective and made a considerable impression.

6. The first speaker in the afternoon was Loutfi (UAR). He reiterated that the Lebanese problems were internal and that Article 51, cited by the USA, did not repeat not apply. He quoted Nehru as identifying the issue as "civil war" and quoted a recent statement of the President of the Lebanese Chamber of Deputies as deploring the USA landings. He associated himself with the Japanese statement that the intervention was irreconcilable with the text of the reports of the observer group. Loutfi ended by denigrating the "Syrian sources" cited by the USA as proof of outside intervention. On the whole, Loutfi maintained the moderate tenor he had previously set.

7. Sobolev then quoted an official statement of the Soviet government. The world it said, was shocked at the landings and was aware that the real reasons were the concern of the oil interests. The new Iraqi government had endorsed the Bandung principles.[89] Furthermore,

---

[88] Voir/See "British Land in Jordan, Backed by U.S. Jets; Soviet Set to Take Case to U.N. Assembly; U.S. and Britain Will Limit Intervention," *New York Times*, July 18, 1958, pp. 1-2, 5-6.

[89] Voir/See Volume 21, Document 780.

the USA had refused to entertain the Soviet proposal of February 11 this year for a declaration of non intervention in the Mideast. He ended his statement by reiterating that the USSR could not repeat not remain indifferent to events in an adjacent area such as this and reserved the future freedom of action of his government.

8. Lodge commented briefly on Sobolev's statement by saying that the USA resolution opened the way for this. After Azkoul (Lebanon) had ascertained that neither the Secretary-General or the President of the Council had received the alleged protest from the President of the Lebanese Chamber of Deputies, the President suggested an hour's recess. Loutfi (UAR) identified the source of the quotation from the President of the Chamber of Deputies as being a Reuters' despatch.

9. This recess was used for further consultations with Stockholm on the Swedish draft resolution. After the recess Jarring (Sweden) made a short statement recalling that the observer group had met with success in Lebanon and that the USA had acted on the assumption that what had happened in Iraq could happen in Lebanon. He took note also of the USA assertion that the observer group must be strengthened. He saw the problem in two aspects

(a) the help of one state was asked by another; this was not repeat not the concern of the UN since it was a matter governed by Article 2(7) of the Charter

(b) Article 51 of the Charter cited by the USA spoke of collective defence against outside aggression.

The conditions for intervention under this article did not repeat not exist, in the view of the Swedish government. Since the USA intervention had altered conditions in the area there was a question as to whether UNOGIL could function. He concluded by reserving the right of his delegation to table a proposal based on the above considerations.

10. Lodge then expressed the fervent hope that the work of the observer group would not repeat not be suspended, commenting that this was a time at which the UN should be particularly active in the area.

11. The Secretary-General then asked for the floor to state that he was in continuous contact with the observer group and that he hoped to be able to elaborate further tomorrow on the interim report presented this morning. At this point Matsudaira (Japan) moved an adjournment until 3 p.m. Thursday and the Council agreed.

346. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 17, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill) (for morning meeting only),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell) (for morning meeting only),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith) (for morning meeting only),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

MIDDLE EAST SITUATION
(PREVIOUS REFERENCE JULY 15)

1. *The Prime Minister* said that the Acting United Kingdom High Commissioner had informed him, early in the morning of the United Kingdom's intention to land troops in Jordan, and had left with him a message explaining the U.K. position. Mr. Diefenbaker had asked Mr. Cumming-Bruce why the Canadian government had been given no information regarding the landings and had said how disturbed he was to learn of U.K. intentions first from news reports. Mr. Cumming-Bruce said that it had been reported two weeks ago in the London press that Canada would not support the landing of troops in the Middle East.

2. *Mr. Diefenbaker* went on to say that the U.K. message stated that King Hussein had formally requested the immediate dispatch of U.K. and U.S. forces to Jordan on the grounds that Jordan was faced with an imminent attempt by the United Arab Republic to create internal disorder and to overthrow the régime, and that Jordan was threatened by Syrian forces on her northern frontier. U.K. and U.S. troops would be used only to deal with possible external aggression and to release Jordanian troops to deal with the prospective internal coup. Mr. Macmillan had been in touch with the U.S. Secretary of State who had indicated that no U.S. forces would be available, but that should the U.K. meet Hussein's request, the U.S. would give the U.K. the same full moral support as the U.K.

gave the U.S. over the latter's action in Lebanon. The U.K. had decided to meet Jordan's request and landings had started a short time after the message had been despatched. The force would hold the air field at Amman and stabilize the position in the capital. The Security Council was to be informed in a similar manner to that adopted by the U.S. over their action in Lebanon.

The U.K. had come to this decision because they felt the legitimate government of Jordan had to be protected from savage destruction such as that which had occurred in Iraq. If such forcible overthrow of legitimate régimes was allowed to go unchecked, the process would spread elsewhere. The U.K. was sure its position in international law was clear. They were responding to an appeal for help from a friendly and legitimate government in order to prevent its overthrow by violence. They felt they must help legitimate governments hold their positions until the United Nations could organize an effective system of security. The U.K. hoped Mr. Diefenbaker would appreciate they had no alternative and was sure he would help in trying to make U.N. action effective.

He said he had sent a message to the Prime Minister of India about developments in the Middle East. Mr. Nehru had been away from New Delhi and had not yet replied directly to this but the Indian Foreign Minister had told our High Commissioner in New Delhi that Mr. Nehru was greatly concerned. Mr. Nehru felt that every effort should be made to prevent the conflict spreading. While he understood the reasons for the U.S. intervention, he feared it might in fact spread. The governments of Lebanon and Iraq were unpopular, and any intervention in their favour would lead to clashes with the people and nationalist elements there and create a still more dangerous situation. The Indian Foreign Minister said a U.N. force would be preferable to the continuance of U.S. forces in Lebanon. It was unfortunate that the U.S. action had been taken when Egypt was beginning to show signs of international maturity.

He added that U.S.S.R. forces were concentrating on Turkey's border and in the Caucasus. If a request for assistance were sent to Russia from one of the Middle East countries, then there could be real trouble.

3. *The Secretary of State for External Affairs* said that a U.K. move in the United Nations looking to effective security arrangements would be vetoed in the Security Council and sufficient support would probably be unobtainable in the General Assembly unless several uncommitted nations, out of despair, felt that something had to be done. The whole situation was very disturbing. The world was returning to an era of power politics. He fully realized the U.N. was a slow moving organization but nations had to get back to U.N. principles.

4. *During the discussion* the following points emerged:

(a) Last week President Eisenhower and Mr. Dulles had no thought whatsoever of the steps taken since. Mr. Dulles had been reasonably certain that the situation in Lebanon would be settled in time and without further intervention.

(b) It seemed there was no alternative but to support the U.K. but it was important that public expression of this support be carefully worded. A statement would have to be made in Parliament to-day.[90] The opposition in the U.K. Commons had warned it would divide the House if the U.K. moved into Jordan. It was doubtful if, in the final analysis, there would be opposition here to Canadian support for the U.K. objective of having the U.N. stabilize the situation in the Middle East.

---

[90] Voir Canada, Chambre des Communes, *Débats*, 1958, volume III, pp. 2435 à 2436.
See Canada, House of Commons, *Debates*, 1958, Volume III, pp 2315-2316.

(c) The government should be kept fully informed of developments which would affect U.N.E.F. or the observer corps in Lebanon.

(d) Discussion on this matter was resumed in the afternoon and a draft statement to be made by the Prime Minister was considered. The principal question at issue was whether and with what clarity it would be said that in the circumstances the U.K. government had no alternative.

5. *The Cabinet*, after lengthy discussion,

(a) noted the reports of the Prime Minister and the Secretary of State for External Affairs on further developments in the Middle East, including the landing of U.K. forces in Jordan; and,

(b) approved the draft statement on the developments, as amended in the course of discussion, for the Prime Minister to make in Parliament that afternoon; copies of the statement to be sent to the Canadian Permanent Representative at the United Nations and to the U.K. High Commissioner in Canada.

. . .

---

347. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1091 New York, July 17, 1958

TOP SECRET. CANADIAN EYES ONLY. EMERGENCY.
Reference: Our Tel 1085 Jul 16.
Repeat London, Washington, Paris, NATO Paris (Information)

LEBANON

Yesterday's Security Council proceedings were not repeat not very encouraging. The net result was that the Security Council had before it, or in prospect, three draft resolutions (USSR, USA and proposed Swedish resolutions) none of which had any real prospect of adoption.

2. It became clear from the USSR representative's first intervention that he would veto the USA resolution, when and if it came to a vote, because he was not repeat not prepared to see any form of UN sanction given to the intervention of USA forces in Lebanon. His justification for this position was skilfully argued; this and his subsequent statements, which became progressively stronger in wording, perceptibly shook the USA delegation and their friends. Lodge's initial statement and his subsequent rebuttals were, by contrast, notably lacking in power.

3. The USA resolution had been drafted without time to allow for consultations with friendly delegations but the USA delegation from the beginning of the debate began to consider suggestions for amending it to give it a wider appeal. Among the suggestions particularly considered were those contained in your helpful telegram ME-181 July 16, which were passed to the Americans on an informal basis. The USA delegation planned to introduce today modifications of their own along these lines, though they felt unable to accept the deletions of the references in the preamble to the General Assembly resolutions

on "essentials of peace" and "peace through deeds" in view of the emphasis placed on these resolutions in the USA statement. Even with changes such as these the USA resolution will undoubtedly be unacceptable to the USSR.

4. Behind the whole of yesterday's debate lurked the proposed Swedish resolution requesting the Secretary-General to suspend the activities of UNOGIL in view of the arrival of USA troops. When Jarring received this resolution he made immediate efforts to convince UNDEN that such a move, while effective as a protest, would have an entirely negative result and would destroy the only basis on which it might be possible for the UN to construct a solution. A lengthy phone conversation with Stockholm during the morning was unsuccessful, and it was then arranged that the Norwegian government should be urgently requested to make a demarche in Stockholm. This was done but was also unsuccessful in persuading UNDEN to withdraw the previous instructions. Finally Hammarskjöld called for an hour's recess and phoned UNDEN personally but to no repeat no avail. Jarring had no repeat no choice but to make a statement foreshadowing the resolution and he will undoubtedly have to introduce it when the Council meets again today.

5. There was some feeling yesterday that it might be possible, and preferable, for the Council not repeat not to go to a vote on the USSR and USA resolutions but to try a middle course that would endeavour to use a considerable strengthening of UNOGIL as a means to create conditions that would enable the USA forces to withdraw. Regardless of whether or not repeat not the USA resolution were put to the vote and vetoed, the USA delegation is considering the possibility of proceeding to a special session of the General Assembly. They have apparently rejected the idea of an emergency session of the General Assembly following a veto for the very good reason that the atmosphere would probably be unfavourable to the USA and there would be insufficient time to prepare for the very complicated and difficult operation such a session would involve.

---

348. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1098 New York, July 17, 1958

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Repeat London, Washington, NATO Paris, Paris (OpImmediate) (Information).

SECURITY COUNCIL: LEBANON AND JORDAN

We think it would be useful to your further consideration of proceedings in the Security Council and the sort of role we might play in them to note the following facts:

(a) it is the USA delegation's estimate, with which we agree, that the resolution proposing establishment of a UN emergency force for Lebanon will certainly be vetoed in the Security Council. That it is doubtful whether it could gain sufficient support in a special session of the General Assembly and that, even if adopted, it would be extremely difficult to obtain adequate and acceptable contingents for such a force.

(b) the UK delegation at present have no repeat no resolution to submit on the Jordan item, have no repeat no resolution in preparation, and can say only that the Foreign Secretary is apparently not repeat not prepared to consider such a resolution without further reflection,

(c) there is no repeat no present intention in either the USA or UK delegation to propose a UN emergency force for Jordan,

(d) it is therefore difficult in present circumstances for us to concert efforts with the USA and UK delegations on any concrete plan designed to enable the UN to take over the responsibilities of the USA forces in Lebanon and the UK forces in Jordan,

(e) there is some hope, however, that in Lebanon it may be possible to establish conditions favourable to the withdrawal of USA forces by strengthening UNOGIL and we have been discussing in strict confidence with the USA delegation the shape of a draft resolution that might be submitted by the Japanese delegation with this objective in mind.

Text of a preliminary draft is contained in our telegram 1099.

---

349. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1099 New York, July 17, 1958

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: My Tel 1098.

Repeat London, Washington, NATO Paris, Paris (OpImmediate) (Information).

SECURITY COUNCIL: LEBANON AND JORDAN

Following is text of proposed Japanese draft resolution: "The Security Council, recalling its resolution of June 11 establishing an observer group with the objective of ensuring that there is no repeat no illegal infiltration of personnel or supply of arms or other materiel across the Lebanese borders, commending the efforts of the Secretary General and noting with satisfaction the progress made to date by the UN observer group in Lebanon, noting at the same time that the USA has provided assistance to the Government of Lebanon at its request to help maintain the territorial integrity and political independence of Lebanon, noting further that the USA representative has stated that 'USA forces will remain in Lebanon — only until the UN itself is able to assume the necessary responsibility to ensure the continued independence of Lebanon,'

(1) invites the UN observer group in Lebanon to continue to develop its activities pursuant to the Security Council resolution of June 11,

(2) requests the Secretary-General to make arrangements for such measures as he may consider necessary in the light of the present circumstances to strengthen the UN observer group in Lebanon, with a view to creating as soon as possible the conditions that will enable the USA forces to be withdrawn from Lebanon,

(3) calls upon all the governments concerned to cooperate fully in the implementation of this resolution."

350. DEA/50162-A-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le premier ministre

Memorandum from Assistant Under-Secretary of State for External Affairs to Prime Minister

SECRET

[Ottawa], July 18, 1958

SECURITY COUNCIL — LEBANON AND JORDAN

Permis New York telegram 1099, attached, contains the text of a Japanese draft resolution which may be presented if the USA resolution (proposing a UNEF) is vetoed and the U.S.S.R. resolution (demanding withdrawal of USA forces) fails to gain the necessary seven affirmative votes.

The Canadian Delegation, along with the USA, was one of those concerned with the drafting of the Japanese resolution. Its contents have been discussed with Mr. Smith in Washington[91] who agreed that it met all the necessary requirements and deserved all possible Canadian support but who felt that it would probably fail to escape a Soviet veto because of the presence in it of the phrases underlined in red.[92] We have passed by telephone to New York the Minister's comments, and have suggested that in an endeavour to improve the resolution's chances of adoption, it be suggested to the USA and Japanese Delegations that the first underlined phrases be deleted; and the second amended to read: "will lead to the withdrawal of USA forces."

It was also suggested by our Embassy in Washington, after consultation with the Minister, that should all resolutions fail, including the Japanese, and the Security Council be faced with a deadlock, it might be possible to suggest a "consensus procedure" which would forestall a premature reference to the General Assembly. The suggestion would be to have the President of the Security Council, following the vetoing of the Japanese resolution, note that the Council is confronted with a situation in which all national resolutions have either been defeated or vetoed. He would then make a plea for the Security Council not to admit so easily and quickly its inability to deal with an urgent situation threatening international peace and security and would propose that, without a formal resolution or vote, the members of the Council agree to invite the Secretary-General, possibly with the assistance of an advisory committee chosen in consultation with the President of the Security Council, "to conduct negotiations with all the parties directly concerned," and (invoking the formula used at the time of Suez) "to submit to the Council within 24 hours the outline of a plan for United Nations action (1) to safeguard the territorial integrity and independence of Lebanon and (2) to ensure that there is no illegal infiltration of personnel or supply of arms or other materiel across the frontier." It will be recognized that (1) and

---

[91] Sidney Smith, qui est arrivé à Washington le 17 juillet, a eu un entretien le 18 juillet avec le secrétaire d'État des États-Unis John Foster Dulles, le secrétaire au Foreign Office britannique Selwyn Lloyd et l'ambassadeur de France aux États-Unis Hervé Alphand. Aucun compte rendu de cette réunion n'a pu être trouvé.

Sidney Smith, who arrived in Washington on July 17, had a meeting on July 18 with US Secretary of State John Foster Dulles, British Foreign Secretary Selwyn Lloyd and French Ambassador to the United States Hervé Alphand. No record of this meeting can be located.

[92] La pièce jointe à cette note à l'origine, qui comportait des expressions « underlined in red », n'a pas été trouvée.

The original attachment to this memorandum containing phrases "underlined in red" was not located.

(2) are respectively the main objective set out in the USA resolution; and the terms of reference of the existing UNOGIL.

The above suggestion has been passed by telephone to our Delegation in New York, who commented that it parallelled closely the lines along which the Secretary-General himself is known to be working.

The consensus of procedure outlined above would deal only with the situation in Lebanon. If in addition there should be a move to deal simultaneously but separately with the situation in Jordan, it has been suggested to our Delegation that the same "consensus" formula might be used, perhaps allowing a longer period (e.g. 48 or 72 hours) in which the Secretary-General should submit a plan to the Security Council. We have reminded our Delegation that just as there is a UNOGIL on which to build within a U.N. framework in Lebanon, so there is the UNTSO on the ground in Jordan on the Jordanian-Israeli frontier which could lend itself to indefinite expansion in numbers, requiring only Security Council sanction to extend its terms of reference to cover observation of Jordan's remaining frontiers, especially those with Syria and Iraq. Faced with a situation where a United Nations Emergency Force for Lebanon will certainly be vetoed in the Security Council and probably fail to gain sufficient support in the General Assembly, it seems preferable to build upon existing United Nations machinery in order to achieve an emergency force in function if not in name.

J.C.B. W[ATKINS]

351.

DEA/50162-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1104

New York, July 18, 1958

CONFIDENTIAL. OPIMMEDIATE.

Repeat London, Washington, Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Tel Aviv, Tokyo, Moscow, Delhi, Oslo, Rio, Rome, Stockholm, Jakarta, Hague, Karachi, Kuala Lumpur, Madrid, Ankara, Accra, Athens, Belgrade, Bonn, Brussels, Bogota, Colombo, Copenhagen, Beirut from London.

SECURITY COUNCIL: LEBANON AND JORDAN

The meeting opened this morning with a lengthy statement by Azkoul (Lebanon) giving his government's comments on the second interim report of the observer group. He maintained that it was clear that the group was not repeat not yet in a position to report whether or not repeat not infiltrations had taken place. He restated the general position of his government and concluded with the contention that the observer group had not repeat not been constituted to report incidents and keep the Council informed of all examples of infiltration encountered but to stop these infiltrations and report only on the success or failure of its mission.

2. Loutfi (UAR) then read the text of a USA note which had been handed to Ali Sabry, Acting UAR Minister of Foreign Affairs, informing the UAR that the USA had no repeat

no hostile intentions toward the UAR but warning that, if USA forces were attacked by the forces of the UAR or forces directed by or taking orders from the UAR, the government of the UAR must bear the grave consequences. Loutfi expressed alarm at the latter part of this USA threat that implied that the USA would be the judge as to whether the forces attacking USA troops were in some way under the direction of the authorities in the UAR. Without commenting in detail Loutfi rejected the Lebanon case stated by Azkoul and concluded by saying that the UAR was a small state pursuing a policy of non alignment.

3. Lodge, in reply to the request last night of Abbas (Iraq), gave the same categorical assurances as had Pierson Dixon, that USA troops would withdraw immediately upon the request of the Lebanese government. Sobolev then made some debating points but added nothing new other than to state that the communication read out by Loutfi was a warning to the Security Council of the worsening of the situation in the Mideast. The Council then adjourned until 3:30 p.m.

4. In the afternoon the Council began with a statement from the Secretary-General in which he announced that he had received credentials signed by the government of Iraq appointing Hashim Jawad as Iraqi Permanent Representative and revoking the credentials of Dr. Abbas. He also drew attention to the cable he had received on July 17 from Baghdad announcing that the Arab Union was now null and void. He then quoted passages from the constitution of the Arab Union concerning the Union's arrangements for dealing with foreign affairs. After a procedural debate during which the UK, USSR, USA and Iraq spoke, Sobolev surprisingly did not repeat not press for a vote on rejecting Abbas' credentials, the only way in which Abbas could have been unseated.

5. The debate then continued on the Lebanese item. There was a procedural wrangle, first over the order in which the three resolutions should be put to the vote, and then over whether statements should be allowed after each vote or only after all three votes. The real point at issue was whether or not repeat not the USSR representative should be allowed a chance to propose an emergency General Assembly on the defeat of his resolution, which would have put not repeat not only Lebanon but also Jordan on the General Assembly agenda. He lost out.

6. The President, speaking as representative of Colombia, wound up the debate by suggesting that none of the resolutions before the Council, nor UNOGIL, nor the USA troops could really solve the basic problem in the Mideast. It would be appropriate for the UN to study the whole problem of the Mideast thoroughly and, while respecting the Arabs' philosophic orientation and their express desire to carry out their historical racial union, should set up a statute to guarantee the status of the area. He concluded by announcing his support for the USA resolution but stated that Colombia was not repeat not prepared to furnish any troops for this UN endeavour, as it had done on two previous occasions in the past.

7. The resolutions were then voted upon. The USSR draft was rejected with one vote in favour (USSR), 8 against (UK, USA, Canada), 2 abstentions (Japan, Sweden). The USA draft received 9 votes in favour (UK, USA, Canada), one against (USSR) and one abstention (Sweden). The negative USSR vote constituted a veto. The Swedish draft was rejected by 9 votes against (UK, USA, Canada), 2 votes in favour (Sweden, USSR) and no repeat no abstentions. On Lodge's proposal it had been decided that all explanations of vote should take place after the three resolutions had been voted, in spite of the objections of the USSR.

8. Lodge expressed his regret at the Soviet veto, commenting that 9 members of the Council had upheld the USA resolution. As the Council could not repeat not leave the matter as it stood he introduced a draft resolution which had as its purpose the calling of an

emergency session in order to make appropriate recommendations concerning Lebanon. He concluded by saying that he was willing to withhold his resolution until the announced Japanese proposal had been considered by the Council.

9. In his explanation of vote, Pierson Dixon concluded by reiterating that British troops were in Jordan on the request of the government of Jordan and did not repeat not constitute a threat to any other country. He stressed that the troops would leave Jordan if requested to do so by the Jordanian government. He then made the significant statement that the constitution of the Arab Union recognized Jordan and Iraq as separate entities with separate governments and that the UK had replied to an appeal for help on the part of the Kingdom of Jordan only.

10. Matsudaira (Japan) now spoke, as had been arranged, and stated that in view of the fact that all the resolutions had failed to pass, the Japanese delegation was submitting a draft of its own. He did not repeat not read or discuss the text of his draft but said that it would be submitted later. He suggested an adjournment until Monday at 3 p.m. so that members of the Council would have ample opportunity to consult their governments on the Japanese draft.

11. Sobolev then explained that he had voted against the USA draft since it endorsed the presence of USA forces in Lebanon and also because the establishment of UN armed forces under the circumstances in Lebanon was not repeat not consistent with the Charter since aggression had not repeat not taken place. He described Council's rejection of his resolution as a "dark stain" on the UN, (and repeated) the warning that the USSR could not repeat not remain indifferent to actions in an area so close to its border and the reservation of his country to act as it saw fit to safeguard peace and security.

12. We then briefly explained our vote on the Swedish draft (text of statement is contained in our telegram 1105†). We considered our vote on the USA and USSR drafts as explained by our previous statement. Tsiang (China), after explaining his vote, began to discuss the Japanese resolution on the basis of an advance (and not repeat not yet final) text which he had received. Matsudaira explained with some embarrassment that the resolution was not repeat not ready for submission, and the President proposed adjournment until 3 p.m. Monday.

---

352. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1107 New York, July 19, 1958

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Repeat Washington, London, Paris, NATO Paris (Information).

MIDEAST

The Minister had a long conversation at the UN this morning with the Secretary-General, accompanied by Mr. Léger, Mr. Ritchie and Mr. Holmes.

2. The Minister began by telling Mr. Hammarskjöld something of his talks in Washington with Mr. Lloyd and Mr. Dulles. He emphasized in particular Mr. Dulles's concern over the

gravity of the situation and his anxiety to withdraw American forces from Lebanon as soon as this could be done with security. He also reported that Mr. Dulles was quite prepared to consider a neutral status for Lebanon, recognizing when he did so that this would be contrary to the Eisenhower doctrine. Mr. Smith reported that Mr. Lloyd was less anxious to give pledges to the UN similar to those given by the USA.

3. Mr. Hammarskjöld expressed great interest in the views reported by Mr. Smith. He seemed to think Mr. Lloyd's views on remaining in Jordan were not repeat not in accordance with the reluctance to intervene Mr. Lloyd had previously expressed to him but he and Mr. Smith agreed that the change of attitude might have been the result of having taken the step and been tempted to make the most of it. Although he welcomed the assurances of Mr. Dulles's anxiety to withdraw, he was worried by the fact that the USA representative in the Council yesterday had stated that the USA was willing to withdraw at the request of "that government". If the USA meant the Chamoun government, this attitude was not repeat not very satisfactory. The Secretary-General then spent some time going over his views on the politics of Lebanon making clear his belief that the Chamoun government had little support.

4. Mr. Hammarskjöld talked frankly of his great regret at the USA decision to send marines to Lebanon, particularly as this happened on the eve of a possible political solution in Beirut. In his mind, nothing had been gained by the landing of forces and much had been lost. It seemed to him that Western policy had been foolish in alienating rather than working with the nationalist forces which were not repeat not communist. It had been foolish to make commitments to political leaders like Chamoun whose positions shifted constantly. Although he realized it might seem strange, he said that he was really more concerned over the intervention in Lebanon than the intervention in Jordan. He recognized some historical role of the British in Jordan, but the USA forces had no repeat no place in Lebanon and the UN was seized of the problem in that country. This is not repeat not to suggest that he was happy about the British intervention, but he seemed to think that the Jordanian situation was less likely to be solved by the kind of measures which could be applied in Lebanon. He wanted the UN to concentrate on a constructive solution in Lebanon and he seemed to hope that the situation in Jordan could be stabilized for the time being. His great concern, however, was that there might be a move into Iraq. If this were to take place, his view was that the UN could have no repeat no part in it. If the USA and the UK became involved in Iraq, they would have no repeat no support from him.

5. After expressing at length his disapproval of what had happened, Mr. Hammarskjöld stated that this was "spilt milk" and showed his remarkable resilience in the face of repeated disappointments by saying that we must concentrate on seeking solutions for the situation that we now had to face. He then described policies he had in mind.

6. He spoke of what he called a "counterpoint" which had been going on in the Council. It had seemed evident to him that the USA would have to be persuaded to reduce the stipulations in its own resolution concerning the role the UN must play before withdrawal could take place. He realized from the beginning that the USA requirements from the UN, which had been generally interpreted in terms of a UNEF, were a practical impossibility. He had, therefore, deliberately emphasized the possibilities of UNOGIL so that this might assume the required role. He did not repeat not imply, of course, that he had falsified his reports in any way, but he had produced these reports in such a way as to suggest an alternative to the original USA proposal. He recognized that his emphasis on the improved position of UNOGIL had embarrassed the Americans and had inspired animosity against the UN on the part of American opinion. Nevertheless, he had deliberately taken this risk in order, in

the end, to help the Americans. He knew that as far as Lodge was concerned, he had his support. He believed that he had the agreement of the State Department. He had secured, also, the support of the Indians, who had been on the point of withdrawing from the observer group, but who had now informed him that they would cooperate in this approach.

7. The Secretary-General said his proposal for a strengthening of UNOGIL as a measure to secure withdrawal of American forces was now incorporated in the Japanese resolution. He had just had a hand in redrafting the operative clause of this resolution and he hoped that the present manoeuvres to secure both Soviet and USA acquiescence in the resolution might succeed. If it did not repeat not, however, he would still proceed with the measures to strengthen UNOGIL under the previous authority given him. He admitted that he would do so but not repeat not because he had been specifically authorized, but because he could do so without being challenged. He hoped that an assembly could be avoided. He was inclined to think that solutions could be arrived at more easily among those more directly concerned. He concurred in our scepticism regarding the confidence expressed to Mr. Smith in Washington about the support the USA might receive in the Assembly. He thought there might be a 2/3rds majority for the Japanese resolution but not repeat not for the USA resolution.

8. Mr. Hammarskjöld said that he sought, for the time being, to strengthen the size and the effectiveness of UNOGIL and then to give the UN some role in the Lebanese elections. It was essential that the American forces be withdrawn before the elections took place. No repeat no government elected while the marines were present could last, but one elected with UN surveillance could be acceptable. He was also thinking in terms of a UN "presence" remaining permanently in the Lebanon not repeat not as a police force, but as a body which would guarantee UN commitment to preserve the independence or neutrality of the country. Such a body would be there for that specific purpose and would not repeat not in any way intervene in internal politics.

9. As for the idea of a neutral status for the Lebanon, Mr. Hammarskjöld was confident that Nasser would agree with this. Nasser, he thought, recognized that the Lebanon was different from other Arab countries and could not repeat not happily be incorporated in the UAR. He also quoted Charles Malik's statement to him some time ago that Nasser had accepted UNEF because it relieved him of the necessity for having a positive policy towards Israel, the implication being that a neutral status for the Lebanon would relieve Nasser of the necessity for supporting extreme Arab positions in that country.

10. The Secretary-General was even more than usually delphic on how to proceed towards achieving a neutral status for Lebanon. He seemed to consider Lebanon as being in a unique position but he had in mind some general recognition by the Great Powers that all of the Mideast would be left alone. He implied that such an agreement would have to be reached by the Great Powers and that it need not repeat not necessarily be done in the Security Council or in the Assembly, although the status could come under the supervision of the Security Council.

11. The Secretary-General mentioned his desire to revive the Advisory Committee which had been set up to deal with UNEF. He recognized that this revival would be making use of the Committee for purposes other than those originally specified, but it would be impossible for him to get a better group of persons and he was anxious to avoid an argument over composition. He had spoken to the USA and the UK about it. The USA did not repeat not object but the UK were cool. His intention was to send shortly invitations to participate to the countries concerned.

12. In response to a question, the Secretary-General said it would be helpful if Canada could make an early statement indicating its willingness to make a contribution towards an expanded UNOGIL.

13. After the talk with the Secretary-General the Minister had briefer discussions with Mr. Engen, the Norwegian Deputy Foreign Minister, and Dr. Matsudaira. Mr. Engen had just arrived from Oslo and was not repeat not yet in the picture. The one interesting point which emerged from this conversation was the Norwegian preoccupation over the danger of precipitate action by Turkey. With the Japanese representative, the Minister discussed the state of his resolution. Dr. Matsudaira showed him the latest draft, the final text of which we are sending you, and said that he was trying to work out, this afternoon, a text which might not repeat not be vetoed by either side. He was seeing Lodge and Sobolev.

[J.W.] HOLMES

---

353. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1108 New York, July 20, 1958

CONFIDENTIAL. OPIMMEDIATE.

Repeat London, Washington, Paris, NATO Paris (Information).
Repeat Cairo from Ottawa.
By Bag Tel Aviv, Tokyo, Moscow, Delhi, Oslo, Rio, Rome, Stockholm, Jakarta, Hague, Karachi, Kuala Lumpur, Madrid, Ankara, Accra, Athens, Belgrade, Bonn, Brussels, Bogota, Colombo, Copenhagen, Beirut from London.

SECURITY COUNCIL: LEBANON

My telegram 1109 July 20† contains the text of the Japanese draft resolution as finally submitted to the UN Secretariat and circulated last night. This draft is the result of consultations with the Secretary-General and the USA, UAR, Indian and USSR delegations as well as ourselves.

2. You will note that there are two main changes in this final draft as compared with the preliminary draft contained in our telegram 1099 July 17:

(a) the preambular paragraphs referring to UNOGIL and the USA action in providing assistance to the Lebanese government have been dropped and a single paragraph substituted, which refers only to the Lebanese charges and the UAR reply; and

(b) the second operative paragraph has been expanded to define somewhat the conditions under which USA forces can be withdrawn from Lebanon.

3. The change to the preambular paragraphs was necessitated by the conflicting demands of the USA, USSR and UAR. Neither the USSR nor UAR would accept the reference to USA assistance to Lebanon, which they considered implied approval. The USA, on the other hand, thought it unfair that the reference to their action be dropped unless the reference to UNOGIL was also dropped.

4. The change to the second operative paragraph was made at the suggestion of the Secretary-General, who thought the earlier wording was too narrow.

5. We understand from the Japanese representative that the USA will now support this resolution and that the UAR is prepared to accept it. We assume the UK will also support it. What the USSR will do is still not repeat not known for sure. However, when the Japanese representative showed an earlier draft to Sobolev yesterday afternoon, the latter's preliminary reaction was that he could not repeat not accept the first two operative paragraphs. His position was that the USSR could not repeat not approve the coexistence of UNOGIL and the USA forces in Lebanon and he said that was why he had voted for the Swedish resolution. Nevertheless, his last word to Matsudaira was "we shall see." The Soviet attitude may be influenced by what the UAR and also the Swedish representatives may be persuaded to say on Monday. It may also be affected by the Soviet invitation to a summit conference on the Mideast.

6. We intend, if you agree, to give strong support to the Japanese resolution, on the grounds that it represents a constructive effort, within the framework of the UN, to diminish the danger of the present serious situation. We might also say that support for it by other members of the Security Council will represent an earnest of their good intentions with respect to whatever further efforts can be made in talks among the powers principally concerned.

7. Your comments by phone will be appreciated.

---

354. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1114 New York, July 21, 1958

CONFIDENTIAL. OPIMMEDIATE.

Repeat London, Paris, NATO Paris, Washington (Information).
Repeat Cairo deferred from Ottawa.
By Bag Tel Aviv, Tokyo, Moscow, Delhi, Oslo, Rio, Rome, Stockholm, Jakarta, Hague, Karachi, Kuala Lumpur, Madrid, Ankara, Accra, Athens, Belgrade, Bonn, Brussels, Bogota, Colombo, Copenhagen, Beirut from London.

SECURITY COUNCIL: LEBANON AND JORDAN

At this afternoon's meeting of the Council Canada was represented by the Minister. Although we had understood that USSR was prepared to challenge the credentials of Dr. Abbas in the Council the challenge was made unnecessary by the nonappearance of the Iraqi representative this afternoon. The Council thus addressed itself to the item on Lebanon immediately and heard the representative of Japan introduce his resolution, amended at the last moment by the deletion of the first operative paragraph (see our telegram 1109 July 20).

2. Lodge followed with a statement in support of the Japanese resolution. He called the proposal the indispensable minimum action that the UN could take. He concluded by saying that its adoption could lead to conditions which would make possible the withdrawal of

USA forces. Pierson Dixon's statement was very much more grudging in its support of the Japanese resolution than was Lodge's. He commented that the USA resolution would have been the most effective way for the UN to tackle the situation in Lebanon. He recognized the constructive approach taken by the Japanese in that their resolution provided for continued and expanded UN action in the area. He indicated that he would support it. Then Pierson-Dixon made a statement of British intentions in Jordan. (Text of remarks on Jordan are contained in my telegram 1115†).

3. The Minister then delivered his statement supporting the Japanese draft (see my telegram 1113†). The Secretary-General answered the question put by the Minister. He said that, although a UNEF-type operation as suggested by USA delegation would go far beyond the scope of UNOGIL, the Japanese draft would ensure that UNOGIL would be wholly adequate to undertake the task envisaged by the June 11 resolution. A UNEF, as could be seen by the force operating in the Gaza area, was not repeat not a fighting force but had the right of self-defence; this passive role could be undertaken just as well by other means. He indicated that he would strengthen UNOGIL along the lines suggested by the observer group and consistent with the June 11 resolution and his position under the Charter. In fact he had already taken certain preliminary steps on the basis of UNOGIL's last report.

4. The French representative commented that the Japanese resolution was a logical follow-up to the June 11 resolution. The presence of USA troops in no repeat no way altered the functions of the group and they were not repeat not mutually inconsistent. The French delegation would support the Japanese resolution.

5. After restating and justifying the Swedish approach which led to the tabling of their resolution, Jarring indicated that he would support the Japanese proposal, as amended.

6. Sobolev (USSR) spoke next and explained at some length why he could not repeat not support the Japanese proposal. He also took the opportunity to cite as an indication of USA dissimulation, Lodge's statement on the alleged murder of Jamali, who had been found, according to later press reports, in custody but in good health. Although he did not repeat not state categorically that the USSR would vote against the Japanese proposal, he based his objections on matters of principle. The Japanese proposal ignored the circumstances in which USA forces had arrived in Lebanon and spoke merely of their withdrawal; thus it gave tacit approval to their presence. While indicating his objections, Sobolev was careful to pay tribute to the sincerity of the Japanese intentions in presenting the resolution. He then referred to the USSR proposal for a summit conference "to end the incident armed conflict." He argued that the proposal, rather than by-passing the UN, gave it the role of final arbiter. He concluded by stating that, if the Security Council could not repeat not act on this, "the more authoritative body," the General Assembly, would have to consider the matter.

7. The Minister then spoke with reference to the Soviet proposal for a summit conference on the Mideast, basing himself on the Prime Minister's remarks in the House today (this statement is given in separate telegram†).[93]

8. Azkoul (Lebanon) then presented a further list of infiltrations claimed by Lebanese intelligence authorities and argued that the UAR had, if anything, intensified its activities since the arrival of UNOGIL in Lebanon. He requested a postponement on the voting of

---

[93] Voir Canada, Chambre des Communes, *Débats*, 1958, volume III, pp. 2605 à 2606.
See Canada, House of Commons, *Debates*, 1958, Volume III, pp 2473-2475.

the Japanese proposal until tomorrow at 10:30 so that his government could study the proposal in final form as well as the statements of Council members during today's debate.

9. Loutfi (UAR) commented that the situation was becoming daily more grave and stated that, if there had been no repeat no coup in Iraq, USA troops would not repeat not have landed in Lebanon even if Chamoun had requested it. He referred to continued calls from Amman for the liberation of Iraq in spite of the popularity of the new Republican government. His comments were designed to indicate that the troubles in the area were by no repeat no means over since they centered on the non-recognition of the new Iraqi government by the West. He concluded by citing a report that Galo Plaza (UNOGIL Chairman) had criticized the USA landings since the political situation had been on the verge of solution with General Chehab being chosen as the next president. Later the Secretary-General stated that he could neither confirm nor deny this statement attributed to Galo Plaza. The Panamanian representative also indicated that he would support the Japanese resolution.

10. The President, basing himself on the rules of procedure, asked if a Council member wished to move an adjournment in accordance with the Lebanese request. Lodge (USA) so moved, supported by Pierson Dixon (UK). Sobolev first branded this as a delaying tactic, but was subsequently able to withdraw with grace and dignity after an unnecessarily emotional attack by Lodge on the USSR for trampling on the rights of small nations. We were later told by the USA delegation that the reason for this manoeuvre was a last-minute difficulty with Malik, who had gone so far as to tell the press in Washington that the Japanese resolution was unacceptable. The USA delegation needed the adjournment to "knock some sense" into the Lebanese heads. The Council adjourned until 10:30 a.m. tomorrow, July 22.

---

355. DEA/50162-A-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1121 New York, July 22, 1958

CONFIDENTIAL. EMERGENCY.

Reference: Our Tel 1114 Jul 21.

Repeat London, Paris, NATO Paris, Washington (OpImmediate) (Information).

Repeat Cairo (OpImmediate) from Ottawa.

By Bag Tel Aviv, Tokyo, Moscow, Delhi, Oslo, Rio, Rome, Stockholm, Jakarta, Hague, Karachi, Kuala Lumpur, Madrid, Ankara, Accra, Athens, Belgrade, Bonn, Brussels, Bogota, Colombo, Copenhagen, Beirut from London.

SECURITY COUNCIL: LEBANON AND JORDAN

This morning the Council considered the Japanese draft. Azkoul spoke first, since it was on his request that the Council had adjourned. He expressed doubts about the adequacy of the measures contemplated in the Japanese draft, but believed that the adoption of this resolution could lead to important progress toward the ends which the Japanese and the majority of the Council had in mind. He hoped that the inadequacies of the provisions might be lessened to some extent by the latitude given to the Secretary-General in the terms of the draft. Azkoul expressed the hope that the Secretary-General would avail himself of all possible means at his disposal under the Charter to strengthen the UN presence in Lebanon.

2. Sobolev then restated his objections to the Japanese draft. Not repeat not only did it contain no repeat no condemnation of the USA intervention, but in fact, seemed to endorse it. There was also no repeat no call for immediate withdrawal. By providing for the expansion of UNOGIL during the presence of USA troops, the UN would become an accessory to their ends and thus would be interfering in the country's internal affairs. He then proposed four amendments to the Japanese draft (text of which is contained in our telegram 1119†) which would have limited the Secretary-General's measures strictly to the Council's previous resolution and called for the immediate and unconditional withdrawal of the USA forces.

3. On a motion by Sweden the Council adjourned until three p.m. to consider these amendments.

4. By prearrangement, Pierson Dixon voiced the Western powers' arguments against the USSR amendments. He indicated that the first amendment, the restitution of the operative paragraph previously removed on the suggestion of Sweden, was acceptable, but that the rest were not repeat not. Since there was no repeat no move to ask for separate voting on the four USSR amendments, they were voted on together. The result of the voting was one in favour (USSR), eight against and two abstentions (Sweden, Japan). The Japanese resolution as a whole was defeated by a USSR veto, with all other Council members voting in favour.

5. At this point the Secretary-General made an important statement which he had prepared well in advance for this eventuality, which defined in well-balanced terms his understanding of his powers and duties to continue and strengthen the UN operation in Lebanon in the circumstances of the Council's inability to act. (The text of the Secretary-General's statement is contained in my telegram 1122†).

6. The President (Colombia), also by prearrangement, then defined the four factors which were relevant to the present situation:

(a) the Secretary-General's statement (the UN was thus still pursuing an active role in Lebanon);

(b) in two days the Lebanese Parliament would be in a position to begin the process of electing a new president (there was thus hope of a political accommodation);

(c) Khrushchev had called for a summit meeting[94] and there had been indications of Indian, UK, USA and Canadian support. (He cited the Prime Minister's statement of yesterday)[95] and finally;

(d) the two resolutions of the USA and USSR calling for an emergency General Assembly.

7. In these circumstances, the President moved an adjournment *sine die* subject to immediate recall on the motion of any Council member.

8. Sobolev felt it necessary to make a statement deploring the fact that the Council was contemplating adjournment without any indication of a date when it would reconvene. He suggested it should meet again tomorrow. He commented also that it was unthinkable that elections should take place in Lebanon in the presence of foreign troops. The USSR summit proposals were never intended to act as an excuse for the UN to cease its work and the Council should consider the two proposals for a General Assembly now. It was apparent that this statement was designed for the record, and Sobolev made no repeat no formal motion opposing the President's proposal for adjournment.

9. Azkoul then spoke briefly, expressing the regret of his government that the Council had not repeat not found it possible to act on the Lebanese complaint. He also objected to the reference to the forthcoming presidential elections in the Lebanon as a factor to be considered by the UN on the grounds that this was an internal Lebanese matter.

---

[94] Alors que le Conseil de sécurité débat de la résolution japonaise, le premier ministre soviétique Nikita Khrouchtchev et le président des États-Unis Dwight Eisenhower entreprennent un échange de correspondance favorable à des consultations de haut niveau visant à résoudre la crise du Liban et de la Jordanie. Khrouchtchev ouvre cet échange le 19 juillet 1958 en suggérant une conférence au sommet des chefs de gouvernement des États-Unis, de l'Union soviétique, du Royaume-Uni, de la France et de l'Inde. Eisenhower répond le 22 juillet que la tribune qui convient pour résoudre la crise du Moyen-Orient est le Conseil de sécurité. Khrouchtchev et Eisenhower ont ensuite deux échanges de lettres, le premier les 23 et 25 juillet et le second les 28 juillet et 1^{er} août, sans résultat. Khrouchtchev écrit à Eisenhower une quatrième fois le 5 août, affirmant que le Conseil de sécurité a « in practice been subordinated to the foreign policy of the U.S.A. » et que l'Union soviétique cherchera plutôt à faire convoquer une session extraordinaire de l'Assemblée générale des Nations Unies. Eisenhower ne répond pas directement à cette lettre de Khrouchtchev, mais fait le 5 août une déclaration dans laquelle il accueille favorablement la suggestion de convoquer une session extraordinaire. Voir cette correspondance dans United States, Department of State, *Bulletin*, Volume XXXIX, No. 998, August 11, 1958, pp. 228 à 235; No. 999, August 18, 1958, pp. 274 à 277; and No. 1001, September 1, 1958, pp. 342 à 346.

While the Security Council debated the merits of the Japanese resolution, Soviet Premier Nikita Khrushchev and United States President Dwight Eisenhower began exchanging correspondence advocating high-level consultations to solve the crisis in Lebanon and Jordan. Khrushchev originated this exchange on July 19, 1958 when he called for a heads of government summit conference consisting of the leaders of the United States, the Soviet Union, the United Kingdom, France, and India. Eisenhower responded on July 22, insisting that the proper venue for a resolution of the Middle East crisis was the Security Council. Khrushchev and Eisenhower then exchanged two inconclusive sets of letters, the first on July 23 and July 25 and the second on July 28 and August 1. Khrushchev wrote to Eisenhower for a fourth time on August 5, claiming that the Security Council had "in practice been subordinated to the foreign policy of the U.S.A.," and that the Soviet Union would instead seek to convene a Special Session of the United Nations General Assembly. Eisenhower did not reply directly to this letter from Khrushchev, but he did issue a statement on August 5 welcoming the convening of the Special Session. For this correspondence, see United States, Department of State, *Bulletin*, Volume XXXIX, No. 998, August 11, 1958, pp. 228-235; No. 999, August 18, 1958, pp. 274-277; and No. 1001, September 1, 1958, pp. 342-346.

[95] Voir Canada, Chambre des Communes, *Débats*, 1958, volume III, pp. 2605 à 2608.
Voir Canada, House of Commons, *Debates*, 1958, Volume III, pp. 2473-2476.

10. The President put his motion for adjournment to the vote and it was upheld by ten votes in favour with only the USSR objecting.

11. The USA and USSR drafts for an emergency General Assembly session were not repeat not withdrawn but were left in abeyance rather than being pressed to a vote at this time. It was obvious that neither party felt that an emergency General Assembly would serve their purposes under the present circumstances.

12. Canada was represented at both of today's meetings by the Minister.

---

356. DEA/50131-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM ME-213 Ottawa, July 23, 1958

SECRET. EMERGENCY.

MIDDLE EAST SUMMIT MEETING

We agree with you that a formula to meet the essential requirements of a restricted and successful meeting could best be devised in cooperation with the Secretary-General of the UN. A proposal along the following lines might form the basis of discussions with him:

(1) As soon as possible it would be arranged that a member of the UN would inscribe on the agenda of the Secretary Council an item entitled simply "The Middle East" and would call for a regular meeting of the Council;

(2) By prearrangement, the representatives of the three Western powers and the USSR would make statements at that meeting agreeing to have their governments join at the highest level in a discussion of the subject matter of the agenda item;

(3) A member of the Security Council (perhaps Canada) would then put forward a formal resolution calling on the Four Powers and India to meet at the highest level, with the Secretary-General present as rapporteur, and authorising the Five Powers to consult as appropriate with governments of the countries of the Middle East and to report the results in due course to the Security Council.

2. The exact text of a resolution to this effect would have to be carefully worked out with the Security Council and in cooperation with the other delegations principally concerned. Canada could sponsor it if it were clearly understood that the membership of the heads of government meeting was agreed to in advance by the Great Powers.

3. The above suggestion has not been submitted to ministers for approval and should not be explored further until you have heard again from me in the morning. In the meantime you might make an appointment to meet the Secretary-General around 11 a.m. tomorrow.

[JULES] LÉGER

357. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 23, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming) (for morning meeting only),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes) (for morning meeting only),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness) (for morning meeting only),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr) (for afternoon meeting only),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne) (for morning meeting only),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith) (for afternoon meeting only),
The Minister of Defence Production (Mr. O'Hurley) (for afternoon meeting only).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

MIDDLE EAST SITUATION
(PREVIOUS REFERENCE JULY 22)†

11. *The Secretary of State for External Affairs* said that Mr. Khrushchev had stated he was prepared to attend discussions in the Security Council on the Middle East situation provided Mr. Nehru and representatives of Arab states were invited to be present. It was hard to know how, in practice, such arrangements might be made, but it seemed that Mr. Nehru would be placed on a higher level than Arab representatives. Iraq was at present a member of the council and the United Arab Republic, Jordan, and Lebanon had been called "to the table" in the discussions of the past week. So the question raised by Mr. Khrushchev might not be too difficult. In any event, it was a procedural matter which presumably would be settled by the council itself.

The Prime Minister of the United Kingdom had said he would attend. The French were hurt because they felt that Canada, through his presence in Washington when Mr. Lloyd was also present, had been placed ahead of France. Their position was not clear. The U.S. would attend a summit Security Council meeting reluctantly.

12. *Mr. Smith* added that the U.K. and the U.S. had stated firmly in the Security Council that they did not intend to move into Iraq. Both had also re-affirmed that, if suitable

arrangements were made by the U.N., they would withdraw from Jordan and Lebanon respectively.

13. *The Cabinet* noted the report of the Secretary of State for External Affairs on the situation in the Middle East.

. . .

358. DEA/50131-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures[96]

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs[96]

SECRET Ottawa, July 24, 1958

MIDDLE EAST

Francis Cumming-Bruce came in to see me and left with me the attached note just received from the C.R.O. which, according to his understanding, covers the same points as those made to you by Mr. Drew on the telephone.

Mr. Cumming-Bruce made two further points:

(1) That at the official level in London, it was thought that no heads of government meeting could practicably be held before next weekend, *i.e.*, that of Saturday, August 2. He emphasized that this was the view of officials only.

(2) That in the view of the United Kingdom authorities, discussions at the head of government level should be restricted to the Lebanon and Jordan.

Mr. Cumming-Bruce asked me for my comments on the different points made in the attached note and the two further aspects of the problem referred to in my immediately preceding paragraph.

As regards attendance of other countries not members of the Security Council, I informed Mr. Cumming-Bruce that your present inclination was openly to suggest that India should attend.

As regards the date, I told him that you would probably wish to take the line that it should be held "as soon as possible."

We had a fairly lengthy discussion on the question of the agenda for the heads of government meeting. Mr. Cumming-Bruce told me that in the view of his colleagues in the C.R.O., it was very important to restrict the discussions to the Lebanon and Jordan. When I asked him whether he thought that would be possible with Mr. Khrushchev around, his reply was that "when you have an eel in a boat, you never know at which end it is." I said that I fully agreed with him that it was useless to think that Mr. Khrushchev could be kept in any given framework. It seemed to me that were the discussions to be restricted to the Lebanon and Jordan, there was no particular reason why heads of government should get together. The Security Council, and possibly the Assembly, could dispose of those items in a fairly orderly way. I therefore felt that fairly early it might become necessary for the

---

[96] Note marginale :/Marginal note:
H B Robinson to see [J.C.B.] W[atkins]

Security Council to be seized of a new item such as "the Question of the Middle East." The more restrictive approach in the end would merely give another advantage to Khrushchev.

I took the opportunity of Cumming-Bruce's visit to me to let him know that you had instructed Norman Robertson to get in touch with the State Department and emphasize the fact that in your view, the remaining difficulties leading to a heads of government meeting were of a procedural nature and that the replies from the West should not be negative.

We also had a word about the question of membership in the meetings which might be held in New York under the aegis of the U.N. I told Mr. Cumming-Bruce that in my personal view, it was very important that some formula be found whereby meetings of substance be held between the U.K., U.S., USSR, French and Indians. This did not mean that other types of meetings could not be held either concurrently or jointly with the Arab countries, or even for that matter, other members of the Security Council. We should bear in mind, however, that the larger the forum the less chance there would be of having fruitful discussions with the Russians, and the better chance there would be for Khrushchev merely to use such large meetings for propaganda purposes.

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Note du Bureau des Relations avec le Commonwealth du Royaume-Uni

Memorandum by Commonwealth Relations Office of United Kingdom

SECRET [London, n.d.]

1. Before proposed special meeting at Summit level can take place in New York, a number of points clearly will have to be settled, probably at preliminary meetings of the Security Council itself.

2. Among these points will be questions such as (1) the attendance of other countries not Members of the Security Council, as for instance India, and (2) the time for the special meeting.

3. As regards (1), our attitude was clearly stated by the Foreign Secretary in his speech in the House of Commons on 22nd July. He then said "there is considerable flexibility about the attendance of other countries which are not actually Members of the Security Council. There would be the possibility, for example, of other States such as India attending in accordance with the procedure." As regards (2), a meeting at the Summit level in New York as soon as Monday is clearly out of the question in view of the time which will inevitably be required to dispose of preliminary procedural points, not to mention the fact that the meeting of the Baghdad Pact Council has been arranged to take place in London on that day. We attach importance to holding this meeting as part of the preliminary consultation with other friendly governments which will be required before the Special Security Council meeting.

4. It is essential in our view that proposed special meeting of Security Council when it takes place should not be turned into something quite different from what we had in mind, e.g. a general free-for-all outside United Nations' rules altogether.

359. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1132 New York, July 24, 1958

TOP SECRET. EMERGENCY.
Reference: Your Tel ME-213 Jul 23.
Repeat Washington (Emergency) (Information).

MIDEAST SUMMIT MEETING

In accordance with instructions contained in your telegram ME-213 and my subsequent phone conversation with the Under-Secretary this morning, I called on the Secretary-General this afternoon and discussed in an exploratory way the ideas outlined in your message. The Secretary-General said that our ideas were very close indeed to those which he, himself, had in mind and added that he much appreciated our action in letting him know how our minds were working. Mr. Hammarskjöld then went on to outline, in strict confidence, his own conception of the procedure to be followed for the meeting.

2. He said that the first step should be the inscription of item on the agenda of the Security Council "Question of the Mideast". This should be followed by a meeting of the Security Council at the Permanent Representative level at which, as a result of prior agreement, the Representatives of the Four Great Powers would make statements indicating their desire to consult together over the question of the Mideast. A resolution should then be put forward by a member of the Council, not repeat not one of the Big Four, requesting the Four Powers to consult together at the head of government level and to prepare reports to the Security Council.

3. The Secretary-General said that the same member of the Council which had inscribed the item on the agenda might also move this resolution, but this was not repeat not essential. One member might inscribe the item and another move the resolution. In any case, he saw only two governments represented on the Security Council which would be appropriate for this purpose, Sweden or Canada. Mr. Hammarskjöld did not repeat not make any more direct suggestion that Canada should inscribe the item or move the resolution.

4. With regard to the terms of the resolution, he thought that they should be short and general in character and should not repeat not attempt to spell out the procedure of the heads of government meeting.

(a) He did not think that it was necessary that India should be mentioned in the Security Council resolution. He considered that the heads of government might agree on the inclusion of India in their discussions. I believe that Mr. Hammarskjöld considers that in this way the contentious question of the inclusion of India would not repeat not be discussed in the Security Council but rather in the smaller and private meetings of the heads of government.

(b) For similar reasons, he did not repeat not believe that the question for the inclusion of Mideastern governments should be spelled out in the Security Council resolution. In this connection, he said that the Security Council had always the power under Article 31 to invite any member of the UN to participate if its interests were specially affected and that under this procedure [the four] Mideastern countries concerned could be invited to the Security Council either at the session prior to the heads of government meeting or to the later session at which reports of that meeting would be considered. Mr. Hammarskjöld is hoping in this way to avoid the problem involved in extending an invitation to President Nasser as under his scheme no repeat no heads of government would be present at the Security Council session. He added that this formula would also solve the question of a possible invitation to Chiang-Kai Shek.

(c) He would prefer that the resolution should not repeat not spell out his own role at the heads of government meeting too precisely apart from noting that he would participate. It might be desirable to include in the resolution a reference to a report of the heads of government meeting being made through him, but he had an open mind on this point.

5. With regard to the heads of government meeting, Mr. Hammarskjöld made the following points:

(a) *Agenda*. He thought it desirable that the agenda should be restricted to the problems of the Lebanon and Jordan and should concentrate on working out some sort of neutral status for the Lebanon and perhaps a somewhat similar solution for the problem of Jordan. I got the impression that his main objective in wishing for a narrower agenda of this kind was to avoid wrangling over a more extensive agenda and claims of many Mideastern countries to be represented at a wider discussion, although he said that it would be open to the heads of governments to call in representatives of other countries, if necessary. However, it had to be borne in mind that if Nasser was to be present, Ben Gurion would also have to be invited.

I enquired whether he thought the Russians would accept so narrow an agenda. He said that he believed that they would. In general he remarked that a broad outline of his ideas on the organization of the meeting had already been conveyed to Moscow and that he gathered from messages received from the Soviet government that they would not repeat not object to his proposals.

I should add that while the Secretary-General did not repeat not discuss this aspect of the matter, I have little doubt that in his own mind, he does not repeat not exclude the idea that a wider range of topics would be discussed at the heads of government meeting in an informal way than those included in the agenda. However, he did say quite explicitly in reply to an enquiry of mine, that he was convinced that the Soviet government would not repeat not attempt to turn this meeting from a summit conference on the Mideast into a wider summit conference including topics not repeat not connected with the Mideast.

(b) *Place of the Meetings*. The Secretary-General said that the Security Council sessions should take place in New York. As to the heads of government meeting, it could take place either in New York or if others preferred, Geneva. His personal preference was that both sets of meetings should take place in New York. So far as the security problem is concerned with regard to Khrushchev, he said that as far as the UN building was concerned, there would be no repeat no problem if the meetings took place on the 38th floor of the Secretariat. In addition, he thought it might be useful for Khrushchev to come to New York as it would be a step in the direction of normalizing relations between the USSR and the outer world.

(c) *Timing*. Mr. Hammarskjöld expressed no repeat no view as to when the Security Council should meet although he seemed to be thinking in terms of a week or so from now. He spoke of the heads of government meeting lasting possibly ten days. He said that in any event, there could be no repeat no question of the readiness of the UN Secretariat to make arrangements for these meetings at the shortest possible notice and there should be no repeat no tendency to blame any delay on the necessity for extended preparations by the UN Secretariat.

(d) *Role of the Secretary-General.* Mr. Hammarskjöld said that he saw his role as consisting probably of

(1) rapporteur of the conference

(2) what he called "keeper of the speakers list of the conference" and

(3) participation in the discussion if he was invited to participate.

In this connection, he said he thought it possible that he might have a contribution to make in the substantive discussion, as he had noticed a remarkable dearth of ideas among some of the governments who would be represented there.

6. The final stage under the Secretary-General's proposed procedure would be the report of the Council back to the Security Council again sitting in normal session at a Permanent Representative level. He thought that on this action it may be appropriate for the Mideastern countries concerned, i.e., Lebanon and Jordan, to participate in the discussion of the report.

7. Mr. Hammarskjöld said that from the procedural point of view, he had a "crystal clear" idea of how the conference should be handled (along the lines mentioned above). He thought that this might help him in producing a clear and workable pattern. Despite the Secretary-General's skill and optimism, however, there is little doubt that we shall see very many variations of his plans within the next few days. I was struck by his confidence that the Russians will be prepared to fit in any procedural patterns he suggests and indeed to meet the Western Powers over points of procedure in order to obtain a summit meeting on the Mideast.

[C.S.A.] RITCHIE

---

360. DEA/50162-A-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures[97]

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs[97]

CONFIDENTIAL [Ottawa], July 31, 1958

ELECTION OF PRESIDENT OF LEBANON

General Fouab Chehab was elected President of the Lebanese Republic this morning by the votes of 48 out of the 66 members of the Lebanese Chamber of Deputies. Seven deputies voted for another candidate, one abstained, and ten absented themselves from the session. It is not known whether the latter consisted of members of the opposition, but news reports indicate that all quarters of the capital, including the insurgent area, celebrated General Chehab's election with equal fervour.

2. Premier Sami Solh is reported as having stated that General Chehab, who would normally take office at the expiration of President Chamoun's term on September 23, cannot assume office for six months because of a law which apparently requires members of the

---

[97] Note marginale :/Marginal note:
in Cabinet [Jules Léger]

armed forces to return to civilian life six months before being elected to public office. Supporters of the General have countered by saying that this law (of which we do not have the text in the Department) applies only to deputies and not to the president, but we are not sure how such a contention can be reconciled with the provision of the Lebanese constitution which stipulates that "no person shall be eligible for the office of President of the Republic unless he fulfils the conditions of eligibility for the Chamber of Deputies."

3. It is not certain whether President Chamoun still intends to remain in office until the end of his term in September. If he does, the insurgents will probably continue their opposition for the time being, but they are not likely to attempt to expand their area of control; on the other hand, the army would not be willing to take any further action against them apart from minor containment operations. Chehab's election is a major step towards the withdrawal of U.S. forces.[98]

J. L[ÉGER]

---

361. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 31, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Fournier).

. . .

UNITED NATIONS OBSERVER GROUP IN LEBANON
(PREVIOUS REFERENCE JULY 22)

7. *The Secretary of State for External Affairs* reported that a further request had been received from the Secretary General of the United Nations for seven additional Canadian officers as military observers in Lebanon. This would bring the Canadian group up to 20.

---

[98] Note marginale :/Marginal note:

P.S. State Dept told our Embassy in Wash this a.m. that, although they still have not received official confirmation regarding Chehab's election, they regard the news reports as authoritative. H.B. R[obinson]

The Secretary-General had specified that the officers should be of the rank of major and captain. In this connection he understood that it was the view of the Minister of National Defence that a lieutenant colonel be included among these officers, to be in charge of the Canadian group.

8. *The Cabinet* agreed that seven Canadian officers be supplied immediately as additional observers to the United Nations Observer Group in Lebanon and that one of these officers have the rank of a lieutenant colonel.

RECOGNITION OF GOVERNMENT OF IRAQ

9. *The Secretary of State for External Affairs* raised the question of the recognition of the new government of Iraq. He pointed out that the U.S. Secretary of State, while attending meetings of the Baghdad Pact countries in London, as an observer, had been able to persuade its members to recognize the new government. Information received from the government of the United Kingdom indicated that they would also recognize the new government in the very near future. It was expected that the United States would take a similar step. The question was whether Canada should take the lead and recognize Iraq before the U.S. or the U.K. Reports indicated that the new Iraqi cabinet was composed of moderate persons with no leftist tendencies who wanted to follow a middle of the road policy. Their moderate attitude was probably based on economic factors as they were obliged to retain worldwide markets for their oil. The new government might dispute Nasser's concept of the Arab world.

10. *During the discussion* the following points were raised,

(a) Recognition by Canada before the U.K. or the U.S. might not be received with favour by the Canadian people in general and might result in very bad public relations for the government. Precipitous recognition of a government composed of persons regarded as assassins just a short while ago might be misunderstood by a public still comparatively new to foreign affairs.

(b) Consideration would also have to be given to the possibility of a special meeting of the Security Council being held on August 12th. It would be embarrassing for the Canadian delegate to be present at that meeting if the government had not recognized the new government of Iraq, which was also represented on the Security Council.

(c) It seemed on the whole advisable for the government to announce its recognition on the same day as the United Kingdom.

11. *The Cabinet* agreed that formal recognition of the new government of Iraq would be announced on the same day as the United Kingdom did so.[99]

. . .

---

[99] Le Canada reconnaît le nouveau gouvernement de l'Iraq le 1er août 1958. Le 2 août 1958, le gouvernement jordanien annonce que l'Union arabe est dissoute en date du 1er août 1958.

Canada recognized the new government of Iraq on August 1, 1958. On August 2, 1958, the government of Jordan announced that the Arab Union was dissolved effective August 1, 1958.

362. DEA/50131-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM ME-236 Ottawa, August 1, 1958

SECRET. EMERGENCY.
Repeat London, Washington, NATO Paris, Paris (OpImmediate) (Information).

HEADS OF GOVERNMENT MEETING

Following is text of draft memo to Prime Minister which will be submitted to the Prime Minister tomorrow, for his approval of its use as guidance for you in your talks with Secretary-General. We will telephone further instructions.

2. "As a consequence of requests made today by the Governments of the United Kingdom, Canada, and the United States, it can be expected that the President of the Security Council will now notify the Representatives of States' members of the Security Council advising them that a Security Council meeting is to be convened on August 12 under the provisions of Article 28. Article 28 permits representation on the Security Council by Cabinet ministers and also permits meetings to be held away from UN headquarters. On the initiative of the Secretary-General, bilateral consultations on the venue and level are already under way in New York.

3. The instructions for our Representative in these procedural consultations should reflect the Canadian conception of the purposes which the meeting is to secure. It is being held ostensibly because of the failure of the Security Council in regular session to resolve the two specific Middle East issues (Lebanon and Jordan) which have been brought before it, but in reality because the Great Powers have responded to a feeling on the part of smaller powers and world opinion in general that Middle East issues have become potentially very dangerous. At the same time there is a general recognition that Middle East problems involve the Great Powers more than most of the non-permanent members. Our objective must be to find a means of reconciling the need to bring in public a collective voice to bear on the Middle East problem with the need to facilitate private and fruitful substantive discussions among those more directly involved. Our representative might be guided generally by the following considerations:

(a) *Procedure*. Heads of government should not be required to resolve procedural issues; all such issues should be resolved prior to August 12 through informal consultations between Permanent Representatives and confirmed at a regular session of the Council (which could be private under Rule 48).

(b) *Participation of Interested Governments*. The heads of government of non-member states should not be invited to participate under Article 31 in the full sessions; but the Secretary-General should send notice of the meeting to all UN member states pointing out that those which consider their interests specially affected are at liberty to be represented as observers. This would appear to be the only way of resolving competing claims of non-members to participate in the Security Council proceedings, while facilitating private consultation with them at head of government level.

(c) *Question of India.* The formula in (b) above leaves unresolved the question of the participation of India as a principal in the private meetings. We suggest that our representative, in his consultations in New York, should on the basis of your statements uphold the view that India has a special contribution to make as a principal but should not urge that the question of Indian participation should be pressed to the breaking point.

(d) *Initial Full Council Sessions.* The heads of government Council session should not be a debate, but should consist of general statements. Emphasis might be placed on statements by non-permanent members.

(e) *Transition to Big-Power Talks.* At the end of the full Council sessions the President, the Secretary-General or a non-permanent member should, by pre-arrangement, sum up the sense of the statements made and invite the heads of government of the United Kingdom, United States, USSR, France and, if previously agreed, India "to meet in private session with the Secretary-General, consulting as appropriate with representatives of States specially affected and, in the light of the statements made in the Council, to discuss issues arising out of the agenda; the Secretary-General to report the results to the Security Council."

(f) *Agenda.* The agenda could be broadly stated as "Question of the Middle East."

(g) *Timing.* In all probability, few heads of government could spare more than four days for the entire conference, although it is clear that the grave issues of which they will be seized cannot be solved in that time; moreover, heads of governments attending only as "observers" or for private consultations could not be expected to wait long in the wings. The best use of the limited time available might be as follows:

(1) First day: statements in the full Security Council;

(2) Second and third days: private meeting and informal consultations;

(3) Fourth day: report to the full Council by the Secretary-General with statements as appropriate by the major powers and those powers consulted.

(h) *Follow-up.* It would be made clear at the second high level full Council meeting that areas of agreement should be further explored possibly by meetings of foreign ministers of those most directly concerned. The Security Council would, however, remain seized of the item and in prospect there would be a further meeting of the Council, preferably timed to coincide approximately with the opening of the UN General Assembly on September 16th, at which many foreign ministers are customarily present. The General Assembly surroundings would provide a means for skirting once again at an even more delicate stage the contentious problem of consultation with "states specially affected."

(i) *Venue.* On the basis of your statements to the House, we assume that you would be willing to agree to any generally acceptable venue, although our representative will of course recall your suggestion that the meeting could be held in Canada."

363. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1185 New York, August 5, 1958

SECRET. OPIMMEDIATE.
Reference: Your Tel ME-236 Aug 1.
Repeat Washington, London, Paris, NATO Paris, Geneva (OpImmediate) (Information).
By Bag Ankara, Athens, Beirut, Belgrade, Cairo, Karachi, Moscow, Delhi, Oslo, Tel Aviv from London.

HEADS OF GOVERNMENT MEETING OF THE SECURITY COUNCIL

I saw the Secretary-General on August 2 and again on August 4 to discuss procedure and substance in connection with the forthcoming heads of government meeting of the Security Council. In this message, I shall discuss questions of procedure and in a later one those of substance. Mr. Hammarskjöld said that a most important point in his view was to find a formula under which heads of government of the Great Powers could move on from the discussions in the Security Council to more informal discussion outside it. He understood that the Americans would be reluctant to accept a firm and explicit obligation to hold such separate meetings. The Russians, on their side, would probably not repeat not be willing to accept the sort of arrangement implied in Mr. Dulles' most recent press conference[100] which might be taken to exclude consultations outside the Security Council except those as might arise on social occasions. The Secretary-General had, therefore, tried to find some middle ground between these positions and was now putting forward the suggestion that there might be agreement now, i.e., during the preliminary discussions at the heads of delegation level, that informal consultations should take place during the heads of government meeting "as needed or as required." On August 4, he was able to tell me that the head of the USA delegation, who had just returned from a week-end consultation with the State Department in Washington reported that he would be able to accept this formula and made it clear that the USA government did not repeat not exclude arrangements for informal consultation of the heads of government of the Great Powers. Mr. Hammarskjöld has also had discussions with the Soviet delegation. Sobolev, at present, takes the attitude that he cannot repeat not comment upon arrangements for the heads of government meeting as this would imply that the Soviet government had accepted attendance at the meeting on the basis of the most recent notes addressed to Khrushchev by the Western governments. However, Hammarskjöld had the impression that at any rate the Soviet delegation here might not repeat not object to his approach to this problem. Meanwhile, we are all awaiting the Soviet reply to the Western heads of government to know whether Mr. Khrushchev will accept or not repeat not. In these circumstances the preliminary talks at the permanent representatives level remain very tentative as we obviously do not repeat not yet know whether there is any basis for agreement with the Russians on procedure. With regard to the actual transition to informal consultations, the Secretary-General believed that this should not repeat not involve any formal procedural move in the Security Council. He thought the best approach might be if, for example, the UK Prime Minister were simply to say at the close of the statements in the Council that he thought it might be useful to break off for informal talks.

---

[100] Cette conférence de presse aura lieu le 31 juillet 1958. Voir United States, Department of State, *Bulletin*, Volume XXXIX, No. 999, August 18, 1958, pp. 265 à 272.

This press conference occurred on July 31, 1958. See United States, Department of State, *Bulletin*, Volume XXXIX, No. 999, August 18, 1958, pp. 265-272.

2. With regard to the next question of the representation of states not repeat not members of the Security Council at the forthcoming meeting, Hammarskjöld is still thinking in terms of keeping the agenda so far as possible related to the questions of the Lebanon and Jordan in order to restrict participation in the meetings to those two with the possible addition of the UAR. He, himself, seems hesitant about the inclusion of the UAR, probably because the participation of that country would stimulate demands for inclusion of Israel as well as by other countries of the area. If this approach were to be followed, the agenda item might read something like "question of the Mideast with special reference to Lebanon and Jordan" if the discussions at the heads of government level could be considered as a continuation of the former discussions in the Security Council of Jordan and Lebanon. This might allow for the presence at the Council table of Jordan and Lebanon and the UAR, all of whom participated in the earlier discussions. At any rate, participation is closely linked in the Secretary-General's thinking and that of other delegations here with the wording of the agenda. Mr. Hammarskjöld declined to comment on the question of the inclusion of India as a principal. He remarked that this was a matter for the Great Powers.

3. I tried out on the Secretary-General the procedure envisaged in your telegram ME-236, i.e., that all UN member states which considered their interest specially affected should be informed that they are at liberty to be represented as observers. He commented that this was an interesting idea and that as discussions on procedure developed, the possibilities of this approach should be examined. He said, however, that he thought that the crux of the matter would be the demand of states who considered themselves specially affected to participate in Security Council discussion. All members in the UN had the right to send observers in any case to any meeting of the Security Council so that to inform them that they possess this right would perhaps not repeat not carry the matter much further forward.

4. Of course under Article 31 of the Charter, any member of the UN may participate whenever the Security Council considers that its interest are "specially affected." This is a right under the Charter so that once it is recognized that the interests of a country are "specially affected," they would undoubtedly press to participate in the discussion. This appears to put a difficulty in the way of the formula outlined in your paragraph 3(b). The Secretary-General remarked that if he sent notice of a meeting in the terms which you suggest, first reaction he would expect would be a demand to participate in the Council discussions on the ground that the interests of the country in question were "specially affected." Under the Charter, of course, the decision as to whether or not repeat not a country's interests are "specially affected" rests not repeat not with the country concerned but with the Security Council (see Article 31).

5. However, Hammarskjöld said that if the heads of government session of the Security Council were to go into "executive or private" session, it might be possible to invite observers of certain countries more directly interested to be present at these private sessions and this might be linked with their being included in the informal discussions of the Great Powers.

6. The Secretary-General said that it would be important and sometimes a delicate job to safeguard the sensitivities of all those concerned particularly if heads of government or

foreign ministers were to go to Geneva representing States, non members of the Security Council. They might not repeat not care to be there at all unless they could participate in the Security Council discussions.

7. With regard to the place of the meeting, the Secretary-General has all along himself been in favour of New York partly because of the superior conference facilities at the UN here and the difficulties over accommodation, etc, in Geneva. He seems now reconciled to the probability that the meeting will take place in Geneva as he thinks all the Great Powers, including the USA would prefer it. He remarked, however, that in his view, a meeting at Geneva would spotlight the "summit character" of the session more than attendance at the regular headquarters of the Security Council meetings. For this reason, he thought that it was to the Soviet advantage rather than that of the West, that the meeting should take place there. Incidentally, I find no repeat no tendency in UN circles at any rate at this stage to consider other alternative apart from Geneva or New York.

8. After going through in a general way the points raised in your telegram ME-236, the Secretary-General remarked that we seemed to have been giving clear thought to the problems involved. He felt, as you do, that the proceedings of the heads of government should be followed up at the foreign minister level, although he was not repeat not disposed to be categorical about the way things might develop. He agreed that a session of the Security Council at which foreign ministers were represented to coincide with the opening of the General Assembly might be a good idea, particularly as you point out because General Assembly surroundings might provide a means for skirting the problem of consultation with "states specially affected." I shall, of course, be having further discussions with my colleagues during the week pending the first unofficial meeting of the permanent representatives (which will not repeat not take place until after the Soviet reply has been received). I am grateful to have the instructions contained in your telegram ME-236 and also for your permission to exercise flexibility in putting them forward. I have no repeat no doubt that in the coming days many variations of a procedural character will be produced by various delegations and the end result will be a compromise between various views.

[C.S.A.] RITCHIE

---

364. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1186 New York, August 5, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel ME-236 Aug 1.
Repeat London, Washington, Paris, NATO Paris, Geneva (OpImmediate) (Information).
Repeat Delhi from Ottawa.
By Bag Ankara, Athens, Beirut, Moscow, Belgrade, Cairo, Karachi, Oslo, Tel Aviv from London.

HEADS OF GOVERNMENT MEETING OF THE SECURITY COUNCIL

I had a conversation today with the USA permanent representative about procedure at a heads of government Security Council meeting in which I put forward the main points in your telegram ME-236. Lodge said that on the question of informal consultations of the Great Powers, the USA was prepared for such consultations. He believed that there should be no repeat no procedural resolution in the Security Council to bring them about and that no repeat no "subcommittee" of the Great Powers should be set up. The informal meetings could be of various sized groups allowing for consultation with other states in addition to the Four Great Powers as these deemed appropriate. He thought that it would be better if the Security Council could avoid becoming involved in the question of which governments should attend the informal meetings. This would be a matter for the Four Great Powers to agree upon.

2. So far as attendance at the Security Council was concerned, he hoped that with an agenda item such as "The Mideast question with special reference to Lebanon and Jordan" or some such formula, participation could be restricted to the Lebanon, Jordan and the UAR.

3. Meanwhile, Lodge considered that when the Soviet reply is received, the permanent representatives should discuss the questions of date of the meeting, place of the meeting and agenda. So far as the USA government were concerned, they thought that August 18 might be an appropriate date as the 12th seemed too near for practical considerations. They were agreeable to the meeting taking place in Geneva.

4. Lodge showed interest in the Canadian views as expressed in your message ME-236, and I hope to have an early opportunity to discuss with him at greater length the points put forward in it.

[C.S.A.] RITCHIE

---

365. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1189 New York, August 6, 1958

SECRET. EMERGENCY.

Repeat Washington, London, Paris, NATO Paris (OpImmediate) (Information).

EMERGENCY SESSION OF THE GENERAL ASSEMBLY

As you are aware, the Soviet delegation has now requested an immediate meeting of the Security Council in connection with their proposal for an emergency session of the General Assembly. Text of Sobolev's letter August 5 to the President of the Security Council follows.

"On the instructions of the Soviet government I have the honour to request you to call an immediate emergency meeting of the Security Council to consider the Soviet Union's proposal for the convening of an emergency special session of the General Assembly of the UN to discuss the question of the withdrawal of USA forces from Lebanon and of UK forces from Jordan (S/4057)."

2. The meeting is to take place at 3 p.m. August 7. As you know, under the rules of procedure, the General Assembly will have to meet 24 hours after a decision in the Security Council in favour of an emergency session.

3. I had a talk with the Secretary-General about the situation last night. He told me that he viewed the prospect of a meeting of the Assembly at such short notice and in an atmosphere of propaganda exchanges with concern. Speaking confidentially, he said that he hoped that some procedure might be found in the Security Council to give a breathing space before the Assembly met if it was impossible to avoid the emergency session. He understood that certain members of the Security Council, in particular the President, M. Georges-Picot of France, were thinking along these lines. Otherwise, the Secretary-General foresaw the possibility that the USA might find themselves in a difficult position in the General Assembly, as there might be very considerable support for a Soviet resolution favouring the withdrawal of USA troops from the Lebanon and the UK troops from Jordan.

4. Last evening, I met, at their request, with Matsudaira of Japan and the representatives of Colombia and Panama. In the course of informal and rather muddled discussion, one thing was clear, namely that the two Latin Americans and the Japanese were all searching for some action which the Security Council might take to avoid proceeding directly to a propaganda exchange in the General Assembly and thus dropping all efforts for an exchange of views among the Great Powers on the Mideast.

5. The same group are meeting with the French permanent representative today. Meanwhile, I have spoken to Georges-Picot about French views. He explained to me that what he had in mind is the introduction at tomorrow's Security Council of a new resolution which would take priority over both the USA and Russian proposals for an emergency session of the General Assembly. He is still vague as to the formulation of this resolution but it would call upon the Secretary-General to make contact with the governments of the Four Great Powers with the object of seeing whether an exchange of views between them is still possible prior to the emergency session of the General Assembly. Georges-Picot explained that his approach was based on the following considerations:

(1) The Security Council should demonstrate that it had not repeat not exhausted the possibilities of a constructive approach, hence the emergency session of the General Assembly should be deferred until the Security Council had a further opportunity. Otherwise, Georges-Picot thought that the Security Council, upon which the Western powers had recently been placing so much emphasis would be relegated to insignificance.

(2) He feared that if we proceeded direct to a General Assembly, there would be an embittered propaganda exchange and the prospects of a summit meeting would recede.

6. I have been in touch with the UK mission. They have no repeat no instructions but obviously the attitude of the UK government toward any initiative of the kind contemplated by Georges-Picot, would be of very great importance. Pierson Dixon is getting in touch with London and will let me know their views later in the day.

7. The USA delegation, have already taken a public position of welcoming the emergency session and being apparently relieved at the turn away from summit talks which events have taken, seem unlikely to be in favour of any proposal along the lines suggested by France.

8. I shall be grateful to have your early views and instructions. My own preliminary feeling is that it is probably too late to avert an emergency session of the General Assembly although I agree with the views mentioned above with regard to the risks involved in such a propaganda session. (2) That it might still be possible for the Security Council to make some move which placed the General Assembly session within a more constructive setting than that now contemplated. For example, it might be conceivably possible to ask the Secretary-General to take soundings among the Great Powers to

discover whether they would all agree that the General Assembly should be utilized in a fruitful and positive way in order to safeguard the stability of the Mideast. Any such agreed joint declaration, (it would have to be along very general lines) might constitute a more hopeful approach to the impending session and might in addition, buy a little much needed time to coordinate Western views. Moreover, such an initiative would prevent the Security Council from being summarily pushed aside after so much emphasis has been placed upon its role.

9. These are obviously very tentative views and it may well prove that in the face of the USA insistence, particularly if the UK associates itself with the USA attitude, there may be no repeat no alternative but to proceed to an emergency session on the basis of the USA resolution calling for it (which has priority in the Security Council over the Soviet text).

10. The possibility is also not repeat not to be excluded that the Soviet government may produce a new approach of their own in the Security Council tomorrow, perhaps in the form of their amended version of the Japanese resolution with concessions included in it which would be designed to attract as much support as possible for their demand for the withdrawal of USA and UK troops.

11. Since dictating the above message, I have learned from Georges-Picot that the French government now feels it is too late to take any action in the Security Council of the kind which he had contemplated so that he has abandoned his projected resolution. Moreover, the USA delegation has informed Matsudaira that they are strongly opposed to any action in the Security Council apart from voting the USA resolution for an emergency session and proceeding to the General Assembly. In these circumstances, it does not repeat not look as though any initiative will be taken in the Security Council but we may hear more in the General Assembly of the ideas which actuated this abortive attempt to get away from a straight propaganda conflict and to receive the Four Power discussions on the Mideast.

[C.S.A.] RITCHIE

---

366. DEA/50131-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1193 New York, August 6, 1958

CONFIDENTIAL. EMERGENCY.

Reference: Our Tel 1189 Aug 6.

Repeat Washington, London, Paris, NATO Paris (OpImmediate) (Information).

EMERGENCY SESSION OF THE GENERAL ASSEMBLY

Assuming that the procedure followed at tomorrow afternoon's meeting of the Security Council will be based on the acceptance by the majority of the members of the USA position that their resolution for calling an emergency session should be voted at once, there still remain plenty of opportunities for Soviet amendments or procedural wrangles of one kind or another. It is also possible that a number of delegations may take this opportunity to make statements reflecting their general approach towards Khrushchev's reply,[101] the calling of an emergency session of the General Assembly and the prospects for summit talks on the Mideast. If there should be such a round of speeches, you may consider it appropriate for the Canadian position also to be indicated. With this possibility, and in view of the short time before the Council meets, we have been giving some preliminary thought to the line which might be followed. The suggestions outlined below are in rough and tentative form but I should be grateful to have your views.

2. We should probably begin by expressing our support for the USA resolution and our willingness to attend an emergency session pointing to our public record as evidence that we have been willing and anxious all along to make any contribution in our power to a constructive solution of the problems of the Mideast. On this point we might quote passages of the Prime Minister's or Minister's speeches of July 25.[102]

3. We might then refer to the fact that we have favoured a heads of government meeting of the Security Council and indeed that Canada, together with the UK and the USA have recently asked the President to convene such a meeting. We might say that in our opinion, this procedure coupled with arrangements for informal consultation between the Great Powers and such others as might have been associated with them in those talks, offered a suitable framework for dealing with the situation in the Mideast. We should then perhaps reject, in sharp terms, the language employed by Khrushchev in his reply with regard to the Security Council and insults which he addressed to that body. We should point out the important responsibilities with which the Security Council is charged under the Charter and might add that we are far from persuaded that the Security Council has come to the end of any possibility of making a fruitful contribution to the substance of the questions now before it.

4. We might then say that we approach the emergency session of the General Assembly with the hope that it will not repeat not be allowed to degenerate into a propaganda battle with mutual recriminations which could only sharpen antagonisms and further disturb the situation in the Mideast. In this connection, we might say that we find that the tone of Khrushchev's letter seems to fore-shadow a reckless and irresponsible propaganda campaign by the USSR in the General Assembly. We think that this is a time for self-restraint and sober language on the part of all participants in the debates in the General Assembly.

5. We might continue that Canada, for its part, will devote its efforts in the emergency session of the General Assembly to attempting to move in the direction of serious and constructive proposals for stabilization of conditions in the Mideast and for peace and prosperity in that area and that we may have suggestions for implementing these intentions to put forward during General Assembly discussion[103] (I am thinking of the aims regarding policy in the Mideast outlined in recent statements made by the Prime Minister and the Minister which might form the basis of later statements in the General Assembly).

6. We might also include a reference to our continued hope that possibly within the framework of the General Assembly, fruitful discussions might take place leading towards

---

[101] Voir/See Document 355, note 93.

[102] Voir les textes des discours prononcés au Parlement par Smith et Diefenbaker le 25 juillet 1958 dans Canada, Chambre des Communes, *Débats*, 1958, volume III, pp. 2798 à 2808, 2847 à 2853.

For the respective texts of Smith's and Diefenbaker's speeches in Parliament on July 25, 1958, see Canada, House of Commons, *Debates*, 1958, Volume III, pp 2656-2665, 2702-2708.

[103] Note marginale :/Marginal note:
Steer off substance — [?] to procedure [E. Rettie]

the meeting of the Great Powers[104] and those principally concerned to discuss together the substance of Mideastern questions, an objective which Canada has favoured and continues to hope for.

7. It is, of course, quite possible that we shall not repeat not, in the Security Council, go beyond procedural discussions at tomorrow's meeting in which no repeat no general statement would be required from us, but it seems advisable to have something up our sleeve.

8. Since dictating the above, I have learned that the UK permanent representative does intend to make a statement reaffirming his government's views in favour of a heads of government meeting but expressing willingness to support an emergency session of the General Assembly.

[C.S.A.] RITCHIE

---

367. DEA/50131-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], August 6, 1958

MIDDLE EAST — SUMMIT MEETING AND GENERAL ASSEMBLY SESSION

The Security Council is to meet tomorrow at 3:30 to deal with the Soviet demand for an emergency special session of the General Assembly. In the light of the U.S. disposition to go along with the idea of a General Assembly, there is a heavy presumption that an emergency special session will be called within the next few days; on the other hand, there are some members of the Security Council who, under the leadership of the French delegation, are giving urgent consideration to the possibility either of voting down the call for a General Assembly and renewing the demand for a summit meeting, or, alternatively, proposing a deferment of a General Assembly for a few days while the Secretary General makes contact with the governments of the great powers to ascertain whether a heads-of-government meeting might yet precede a General Assembly. One of the considerations which will bear on the instructions to be given to the Canadian representative in New York is the desirability of maintaining some consistency with the public position taken by the government over the last two weeks. This position may be summarized as follows:

(a) A summit meeting was considered important because it might result in a reduction of the present dangerous international tension, and also because it might offer an opportunity of reaching agreement on political and economic plans, in a UN framework, for Lebanon and the Middle East as a whole.

(b) The meeting should be held under the aegis of the UN so as to:

(i) reaffirm the responsibility and ability of the UN Security Council to carry out its role of preserving international peace and security;

(ii) provide an opportunity for the views of the smaller powers, and of world opinion in general, to be brought to bear on those who would be doing the detailed negotiating.

---

[104] Note marginale :/Marginal note:
-elaborate [E. Rettie]

(c) At the same time certain of the major powers were more directly concerned in the Middle East than other members of the United Nations, and it was essential, if real progress were to be made, that they should be given the opportunity of meeting in private, free from the glare of publicity, to reach agreement.

(d) India would have a contribution to make to such a meeting.

(e) Whatever the procedural device, means must be found to obtain the opinions of the countries whose interests might be specially affected; and the prosperity of Israel, for example, must be safeguarded.

2. With the Soviet rejection of the Security Council as the framework of a summit meeting, and its revival of the proposal for an emergency General Assembly session to "discuss the question of the withdrawal" of US-UK forces, much of the foregoing becomes inapplicable. Certain themes, however, still have relevance. They are:

(a) Whether or not a summit meeting is held at this time, the Middle East problem must be considered within a UN context.

(b) Private negotiations, free from publicity, are still a prerequisite of progress.

(c) The peoples of the area must be consulted in some manner.

3. The alternatives before us could be reduced to essentials as follows:

(a) to continue to advocate a high level Middle East conference to the exclusion of an emergency special session of the Assembly; (the French position)

(b) to support the idea of a General Assembly session, (the position, in effect of the United States); while continuing to advocate the desirability of a high level Middle East conference;

(c) to combine both ideas, i.e., work for a high level Middle East conference that would immediately precede or coincide with the General Assembly session now in prospect.

4. Alternative (a) above, in the light of the affirmative United States response to the latest Soviet proposal, seems unlikely to gain wide support unless the United States were to get behind it. Clearly the United States does not want to appear apprehensive of an Assembly session and will be of no help. Alternative (b) is in effect a recognition of the sterility of proceeding solely through the Assembly. Alternative (c), however, might permit the revival of the impetus, only recently lost, towards substantive discussion of the Middle East situation as opposed to the present drift towards mere propaganda exercises. Furthermore, since President Eisenhower has already indicated a readiness to attend an emergency special session of the Assembly if other heads of government did likewise, it might be possible to work towards a high level Middle East conference which could be held, so to speak, under the shade of such a General Assembly session. Admittedly, the Security Council would be by-passed, but the UN framework would broadly speaking be preserved, while the knotty question of "states specially affected" (and hence inevitably involved in proceeding through the Security Council) could be avoided or minimized.

J. L[ÉGER]

368. DEA/50131-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM ME-247 Ottawa, August 7, 1958

CONFIDENTIAL. EMERGENCY.

Repeat Washington, London, Paris (OpImmediate), NATO Paris, Delhi (Routine) (Information).

By Bag Stockholm, Moscow, Geneva, Tokyo, Colombo, Ankara, Athens, Beirut, Belgrade, Cairo, Karachi, Tel Aviv.

SECURITY COUNCIL MEETING

The Prime Minister and the Minister have approved the following instructions in connection with today's meeting of the Security Council.

2. The general lines of your draft statement are satisfactory but might be modified and supplemented in the following ways:

(a) Avoid more than passing reference to objectionable parts of Khrushchev's letter, which are better ignored;

(b) Make a special point of keeping alive the idea, which the government continues to advocate, of a summit meeting on the Middle East. Without being precise, your statement should envisage the holding of a four or five-power meeting with Hammarskjöld participating, either concurrently with the emergency session of the Assembly (although not necessarily from the outset of that session), or as a direct consequence of the Assembly;

(c) Include in your remarks a reference to the desirability of the withdrawal of US-UK forces in accordance with the expressed intentions in that regard of the governments concerned.

(d) If the Assembly is to start under the most favourable auspices possible, it is important that the item to be inscribed should be so worded as to avoid indictment even by implication, as would be the case if either the US or the Soviet resolution were to be adopted in its present form. We are anxious to reduce to a minimum opportunities for recriminations, some of which might call in question the impartiality of the Secretary-General whose future role might thereby be prejudiced. We are also concerned, as a participant in UNOGIL, to forestall any temptation there might be to challenge its reliability.

(e) If these objectives are to be attained, the Americans and others will have to be persuaded that the US resolution should undergo more substantial amendment than the mere inclusion of Jordan as now contemplated by the US and the UK. What is required is language which would in effect endorse the President's remarks at his press conference yesterday[105] stressing the importance of a comprehensive discussion of Middle Eastern problems. Perhaps a resolution along the following lines would be worth trying out on Hammarskjöld and some of your non-permanent colleagues and, if it appeals to them, then on Dixon, Lodge and the President of the Council:

---

[105] Voir/See United States, *Public Papers of the Presidents of the United States: Dwight D. Eisenhower 1958*, Washington, D.C.: United States Government Printing Office, 1959, pp. 587-597.

The Security Council,

Having considered the situation in the Middle East and in particular developments in Lebanon and Jordan;

Taking into account that the lack of unanimity of its permanent members at the 834th meeting of the Security Council has prevented it from exercising its primary responsibility for the maintenance of international peace and security;

Recognizing the deep concern of all member states to bring about a reduction of the tensions in the Middle East and to work towards the elimination of the underlying causes of these tensions;

Decides to call an emergency special session of the General Assembly for the purpose of making recommendations on the Middle East situation with particular reference to Lebanon and Jordan.

3. Please keep in close telephone contact with us during the day so that if necessary we may supplement these instructions.[106]

---

369. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1205 New York, August 7, 1958

UNCLASSIFIED. OPIMMEDIATE.

Reference: Our Tel 1204 Aug 7.†

Repeat Washington (Information).

Repeat London from Ottawa, Paris, NATO Paris from London.

By Bag Geneva, Ankara, Athens, Beirut, Belgrade, Cairo, Karachi, Moscow, Delhi, Oslo, Tel Aviv from London.

MIDEAST EMERGENCY SPECIAL SESSION OF UN GENERAL ASSEMBLY

Following is text of USA resolution, as revised on suggestions from Panama and UK, which was adopted unanimously by the Security Council shortly before nine p.m. this evening:

"The Security Council, having considered the complaints of Lebanon and of the Hashemite Kingdom of Jordan,

Taking into account that the lack of unanimity of its permanent members at the 834th and 837th meetings of the Security Council has prevented it from exercising its primary responsibility for the maintenance of international peace and security,

Decides to call an emergency special session of the General Assembly."

---

[106] La phrase suivante a été rayée de ce télégramme (avec cette note en marge : « deleted by the Minister » [H.B. Robinson]) :/The following sentence was struck from this telegram (with a marginal note indicating "deleted by the Minister" [H.B. Robinson]):

In particular we have in mind that if the Americans decline to modify their resolution, we should have to consider how you should vote, in the light of what you are able to report on the positions of other delegations.

2. The emergency special session will be convened at five p.m. August 8, according to the announcement made by the Secretary-General at the end of this evening's Council meeting.

---

370. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1211 New York, August 8, 1958

CONFIDENTIAL. OPIMMEDIATE.

Repeat Washington, London, Paris, NATO Paris, Geneva (Information).
By Bag Cairo, Ankara, Athens, Beirut, Belgrade, Moscow, Delhi, Oslo, Tel Aviv, Accra, Bogota, Bonn, Brussels, Canberra, Colombo, Copenhagen, Jakarta, Hague, Kuala Lumpur, Madrid, Rio, Rome, Stockholm, Tokyo, Wellington, Lima, Santiago, Dublin from London.

MIDEAST EMERGENCY SPECIAL SESSION ON UN GENERAL ASSEMBLY

The Security Council met yesterday afternoon at the call of the USSR to consider a request for an emergency session of the General Assembly; you will recall that a USA and a USSR resolution for this purpose are pending before the Council.

2. The President of the Council, Georges-Picot (France) began by referring to a document from the Secretary-General affirming that the credentials of Jawad (Republic of Iraq) were in order. We have also received today a document containing a letter from Abbas, former Iraqi representative, stating that, on the dissolution of the Arab union his appointment had automatically terminated. The President then called Lebanon, Jordan and the UAR to take their seats at the table.

3. Sobolev opened with a lengthy statement in which he claimed that the reinforcement of USA and UK troops had aggravated the situation in the Mideast. He said that the Council, because of its present membership, could not repeat not act, and that the USA in particular had barred the constructive proposals of Khrushchev for a summit meeting. It was thus necessary to call an emergency session. The matter to be discussed was the withdrawal of foreign troops from the area, since the question of UAR intervention in Jordan and Lebanon had not repeat not been borne out by the Council or by the reports of the observer group. He quoted Nehru and others as insisting that the withdrawal of foreign troops should be the prime objective of the UN. Sobolev then briefly introduced his revised resolution. (Text contained in our telegram 1196 August 6†).

4. Lodge then restated the USA position, correcting for the record Sobolev's misinterpretations. He reaffirmed that USA troops would be withdrawn as soon as the UN could take over. He commended the Secretary-General for acting under the Charter and on the basis of the resolution of June 11 in the absence of further direction from the Council. He regretted that the primacy of the Council had been ignored by the USSR and referred to the request for a Council meeting at the head of state level made by Canada, USA and UK. Since Khrushchev had changed his mind after accepting this proposal, there was nothing to do but revert to the USA request for an emergency General Assembly, as contained in the revised USA resolution (text contained in our telegram 1205). He reminded the Council that the USA resolution had priority. In commenting on the latest observer group report,

Mr. Lodge said that both the observers and USA troops had helped to stabilize the situation in Lebanon and diminished infiltration. The report confirmed infiltration, although the group could not repeat not undertake complete observation in all areas of the country. In his remarks on the report, Lodge was careful not repeat not to denigrate the work of the group or its reports. He closed by saying that USA troops would of course be withdrawn whenever the government of Lebanon requested.

5. Pierson Dixon (UK) then indicated the regret of his government that Khrushchev had changed his mind and had avoided the informal summit conference which the flexible procedure of the Security Council allowed. He regretted that this useful combination of private and public diplomacy had not repeat not been possible. He stressed that Mr. Macmillan had affirmed that there would be no repeat no resolutions and no repeat no votes unless agreed to in private beforehand and that this procedure could not repeat not be considered unfair to any party, since there would be no repeat no question of "mathematical majorities." In view of the circumstances, the UK would support the USA resolution for an emergency session. However, acceptance of an emergency General Assembly on the basis of the Soviet request was out of the question, since there had been no repeat no aggression, but only a response to a lawful request. No repeat no one could, on sober reflection, deny the right of an established government to ask for aid. He pleaded for moderation and an absence of propaganda in the emergency session debates and asked for a delay until possibly next Wednesday August 13, after the first organizational session, before discussion of substance.

6. Jawad (Iraq) then spoke, echoing Sobolev's contention that the Lebanese and Jordanian complaints had been dealt with and that the only question for the emergency session to discuss was the presence of foreign troops in the Mideast. He stressed that the effectiveness of a General Assembly would depend on its ability to deal with this matter. He hoped that this assembly would be as effective as the last emergency assembly which had dealt with aggression against Egypt. Since the USA resolution did not repeat not make it clear that the withdrawal of troops was the essential question, he could not repeat not support it. He made no repeat no reference to the USSR draft. We understand that, in an attempt to achieve a balance between the two parties, he did not repeat not wish to support the USSR resolution either and spoke on the assumption that it would not repeat not be pressed to the vote if the USA resolution were adopted. Although moderate in language and avoiding mention of such words as aggression and intervention when referring to USA and UK, his statement left no repeat no doubt that his government would take a strong stand against the continued presence of USA and UK troops. We spoke next, text of statement is contained in our telegram 1204 August 7.†

7. Illueca (Panama) contended that, of the two resolutions before the Council, only the USA resolution adhered to the procedures of the Uniting for Peace resolution. Sobolev's resolution was meaningless since it called for an emergency session on an entirely new question, the withdrawal of foreign troops from the Mideast. There was no repeat no legal provision for such an emergency session in the rules or resolutions of the UN. By this statement Illueca gave Jawad a chance to reject the USSR resolution.

8. Azkoul (Lebanon) spoke next. His statement was concerned with the second report of UNOGIL. He argued that this report should not repeat not be construed as denying Lebanese charges and insisted that the observation group had been established not repeat not to ascertain whether there had been infiltration, but to ensure that there was no repeat no infiltration. The observers should logically be the last people to see infiltration, because normally infiltrators could be expected to avoid the observers. He cited various sections of

the UNOGIL report in support of his thesis that observation was still incomplete or inconclusive for the period of time covered by this report.

9. Loutfi (UAR) followed and dismissed summarily the Lebanese interpretation of the report. He said that the USA had mentioned indirect aggression, but there would be a good opportunity to discuss the subject in the General Assembly.

10. Sobolev (USSR) then made his second intervention of the afternoon. He blamed the USA for the failure of the summit meeting proposal, since Eisenhower had not repeat not agreed to private talks between heads of government. Sobolev suggested that the Security Council approve the Soviet draft resolution first because it called for the withdrawal of USA and UK troops from Lebanon and Jordan. The USA resolution did not repeat not say what the purpose of the emergency session of the Assembly was and did not repeat not give any instructions to the Assembly.

11. Lodge then picked up Sobolev's statement that Eisenhower had not repeat not been ready to discuss Mideast matters with Khrushchev. He asserted that Eisenhower had always been ready to do so. He taxed Sobolev with his denial of the right of a nation to seek the help of another.

12. Pierson Dixon reaffirmed that both the UK and USA were ready to take part in private talks and blamed the volte-face of the USSR for the abandonment of the proposed summit talks. Sobolev agreed that Macmillan had been ready to talk privately but that Eisenhower had never said he was in any of his letters.

13. After this exchange, Georges-Picot briefly explained the French position. France was prepared to attend a summit conference only if the Security Council could not repeat not find a solution, and only if the summit were well prepared and could be held in an atmosphere of objectivity and calm. Mr. Khrushchev had first agreed to a head of government Security Council meeting, but now he wanted an emergency General Assembly, a far cry from the first proposal for a calm and deliberative meeting. Although France had misgivings about the results that might be obtained in this emergency session, he did not repeat not oppose the call for such a session, if the other members of the Council wished one.

14. As the vote was about to be taken, Sobolev proposed two amendments to the revised USA resolution: (1) delete paragraph one (2) in paragraph 3 drop the words "General Assembly resolution 377(V)" and substitute "rule 8(b) of the rules of procedure of the General Assembly." Lodge at first did not repeat not accept (1) on the grounds that it was the basis upon which the Council was invoking the Uniting for Peace resolution. He saw no repeat no particular objection to (2), since rule 8(b) referred to the uniting for peace resolution. Pierson Dixon supported Lodge's rejection of (1) and suggested that (2) was inappropriate since the Council acted on the basis of resolutions, not repeat not on the basis of the rules of another body. He suggested that both 377(V) and rule 8(b) be mentioned, but withdrew the suggestion when Sobolev frankly admitted that it would not repeat not meet his objective.

15. After further attempts to redraft the USA resolution and a five minute recess to think it over, the Council finally adopted a Panamanian revision of paragraph 1 and a UK revision of paragraph 3 which were acceptable to everyone. The amended USA resolution (text contained in our telegram 1205 August 7) was then adopted unanimously and the USSR withdrew its resolution.

16. After the vote Matsudaira (Japan) explained that in his view, the status of Jordan with respect to this resolution for an emergency session was not repeat not the same as the status of Lebanon, and that Japan had accepted the revised USA resolution only on the understanding that it would not repeat not constitute a precedent for the future. He also

expressed the fervent hope that the General Assembly would be able to find a permanent solution for the problems of the Mideast.

17. Sobolev had a last crack at the Western powers by emphasizing that the USSR, although it had withdrawn its resolution, would still have in mind at the emergency session finding measures to reduce the international tension which had been caused by the presence of USA and UK troops in the Mideast. This needled Lodge to deliver a statement that he had been keeping up his sleeve for possible use later in the General Assembly. The statement was good, but lost much effectiveness because of its timing. It challenged the Soviet government to let the Soviet people hear on a trial basis, the debate of the forthcoming emergency session, without censorship or jamming, and to admit the "fresh air" of free information into the USSR.

18. The meeting closed with an announcement by the Secretary-General that the emergency special session of the General Assembly would be convened at five p.m. August 8.

---

371. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1213 New York, August 8, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 1212 Aug 8.†

Repeat Washington, London, Paris, NATO Paris, Geneva (Information).

By Bag Cairo, Ankara, Athens, Beirut, Belgrade, Moscow, Delhi, Oslo, Tel Aviv, Accra, Bogota, Bonn, Brussels, Canberra, Colombo, Copenhagen, Karachi, Hague, Kuala Lumpur, Madrid, Rio, Rome, Stockholm, Tokyo, Wellington, Lima, Santiago, Dublin from London.

EMERGENCY SESSION OF THE GENERAL ASSEMBLY

The General Assembly met for less than forty five minutes this afternoon before adjourning its proceedings until 10:30 a.m. Wednesday August 13, for a substantial discussion of its agenda. At this first meeting, the credentials committee for the 12th regular session (including Canada) was reappointed, the agenda was adopted and statements were made by the President, Sir Leslie Munro, by the USSR, the USA and by the Secretary-General. The text of the Secretary-General's statement can be found in my telegram 1212.†

2. In his introductory statement, Sir Leslie Munro attempted to open the session on a constructive note. He emphasized, among other things, the important role that not repeat not only the great powers but also the small powers have to play in the attempt to bring a solution to the problems of the Mideast. He expressed the hope that delegations would refrain from propaganda, polemics and abuse and devote their energies to constructive purposes.

3. Sobolev followed with a very brief but unhelpful statement. He said that he assumed that the main purpose of this emergency session was to adopt measures to correct the situation created by the armed intervention of the USA and the UK in the Mideast, and to take steps for the immediate withdrawal of the USA and UK troops. Speaking after Sobolev,

Lodge denied that the measures taken by the USA and the UK were the heart of the problem and reemphasized the position of the USA and the UK regarding withdrawal. In a moderate tone that made a good impression he appealed for restraint and an atmosphere conducive to constructive action.

4. There are already a number of vague and imprecise proposals under preliminary study among a number of delegations, but substantive discussions will have to await arrival of foreign ministers, most of [whom] are scheduled to come about Tuesday. Foreign ministers of USA, UK, USSR and most East European countries, UAR and some other Arab States are expected. In meantime Secretary-General would evidently like time to develop further the ideas he has outlined in his statement.

---

372. DEA/50131-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM G-173 Ottawa, August 13, 1958

SECRET. OPIMMEDIATE.

Repeat London, Washington, NATO Paris, Paris, Delhi, Wellington (OpImmediate), Cairo, Tokyo (Deferred), Geneva, Bonn, Brussels, Hague, Rome (Information).
By Bag Ankara, Athens, Beirut, Belgrade, Karachi, Moscow, Oslo, Tel Aviv, Accra, Bogota, Canberra, Colombo, Copenhagen, Djakarta, Kuala Lumpur, Madrid, Rio, Stockholm, Lima, Santiago, Dublin.

The U.S. Ambassador on instructions came to see me to request the support of the Canadian government on the proposals for the Middle East advanced by the President at the General Assembly.[107] Mr. Merchant said that the U.S. initiative was an attempt to go to the root of the problems with which the region was beset and they naturally hoped to obtain as much support as possible.

2. I replied that our preliminary reaction in the department had been good and that the President had outlined a framework which on the whole was constructive and might lead to some progress being made at least on some of the issues under consideration. I added that the Minister would be discussing the problem in New York with Mr. Dulles.

3. I drew Mr. Merchant's attention to two points related to developments in Jordan and which could have a bearing on the consideration of the Middle Eastern problem as a whole. The first one was the relationship between the withdrawal of U.S. troops from the Lebanon and of U.K. troops from Jordan. We knew that the United Kingdom were concerned lest too rapid a withdrawal from the Lebanon might leave them high and dry in Jordan. We realized that the situation was much more complex in Jordan but we were also aware that those fine distinctions may not be fully understood by a majority of delegations in New York and that many of them would expect the withdrawals to be made more or less

---

[107] Voir Nations Unies, Assemblée générale, *Documents officiels de l'Assemblée générale, troisième session extraordinaire d'urgence*, 733^e séance plenière, le 13 août, 1958, pp.7 à 8.

See United Nations, General Assembly, *Official Records of the General Assembly, Third Emergency Special Session*, 733rd Plenary Meeting, August 13, 1958, pp. 7-8.

simultaneously. It was therefore essential that the cooperation between London and Washington on those issues be as intimate as possible.

4. The second point was related to the possibility of the situation in Jordan getting out of hand, leading the Israelis to intervene militarily. This I thought would be tragic at this stage and every effort should be made to prevent it. I added that we had under consideration the possibility of recommending that Canada take some lead in New York, appealing to all countries concerned not to take any action during the present negotiations which would result in adding to the already high tension at present prevailing in the region. Mr. Merchant replied that the State Department were exerting their utmost influence on those very lines.

5. In conclusion the Ambassador said that he was surprised that the President had not referred to the question of the refugees. He thought that there would be room for a initiative which "would cost a lot of money," to use his own words, at a time when the Assembly was seized of the basic problems of the Middle East. This omission is rather surprising and we would hope that Mr. Dulles in his later exposé or some delegation would raise this issue.

[JULES] LÉGER

---

373. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1229 New York, August 13, 1958

SECRET. OPIMMEDIATE.
Repeat Washington, London, NATO Paris, Paris (Information).

MIDEAST EMERGENCY SPECIAL SESSION OF UN GENERAL ASSEMBLY

Since the Minister's arrival Monday night, we have been in close and continuing contact with the Secretary-General and the USA, UK and Commonwealth and Norwegian delegations in particular. The situation has been extremely fluid but we can now give you some indication of the main lines that appear to be shaping up.

2. There are a great many draft and embryo resolutions in the air and we have been shown several of them. There will undoubtedly be increasing pressure for us to co-sponsor, and rumours have it that we are doing so, but it is our intention to keep clear of such involvement for the time being. The Secretary-General is anxious to have another day or two to pursue his informal consultations with various delegations in order to get a better idea of what may be feasible in the way of a generally acceptable resolution or resolutions, and in the meantime, would like, if possible, to dissuade others from tabling resolutions prematurely.

3. The Secretary-General and others have been encouraged by Gromyko's attitude, which has not repeat not been unfriendly, and by the relatively mild terms of the draft USSR resolution (our telegram 1220 of August 12† refers). It might have been possible to work out a variation of this resolution generally in substance but the UK in particular was unwilling to use any Soviet draft even as a basis. The Arabs have indicated, in any case,

that they would wish to include in any such resolution, some indication of a time limit for withdrawal of the USA and UK forces.

4. The Secretary-General is wondering whether it might be possible to bring together the Great Powers during this emergency session, perhaps later associating with them the Mideast countries directly concerned. From the talks he has had so far with the UK, USA and USSR, he believes there is basic agreement among them on the following three points with respect to any amelioration of the Mideast situation

(a) some undertaking of non aggression among the powers principally concerned;

(b) withdrawal of USA and UK forces under the proper conditions;

(c) some manifestation of the UN presence in the area.

5. The greatest immediate concern of many here is the possibility of imminent disintegration of Jordan, and the Israel move to the left bank of the Jordan which would in all probability follow such a development. There appear to be three questions involved in this situation: the fate of the régime in Jordan; the question of whether the Israelis would move in; and the question of how we can help the UK to get out. The UN cannot, of course, concern itself with the first of these questions but may be able to help with the last two. With this in mind, consideration is being given to the possibility of sounding some sort of general warning of non interference in case of trouble in Jordan (our telegram 1227 of August 13† refers).

6. The Secretary-General is particularly worried lest, in this situation, he should be handed something like a blanket authority by the General Assembly to arrange for some form of UN presence in Jordan. If this were done without the proper safeguards, and the worst came to the worst in Jordan, the Secretary-General and the UN would be exposed to the risk of blame and loss of prestige.

7. The most hopeful and significant development with respect to Jordan is the indication, which Foreign Minister Fawzi has given the Secretary-General and the USA and Norwegian delegations, that the UAR would be willing to consider undertaking a formal guarantee to respect the existing frontiers of Israel if Israel would, in turn, guarantee to respect its frontiers with its Arab neighbours. Such a mutual guarantee might be underwritten in some way by the Great Powers and embodied in a UN resolution. Behind this move may be some understanding between Cairo and Baghdad concerning Jordan being in Iraq's sphere of influence. Certainly the UAR claims that they have no repeat no desire to be saddled with Jordan, which is not repeat not a viable entity, and they may well be prepared to see a plebiscite on Jordan's reunion with Iraq. Another UAR motive is undoubtedly that they do not repeat not want to have to try to stop the Israelis if the present régime in Jordan collapses.

8. It may, therefore, be feasible to work for two General Assembly resolutions, one for the immediate danger in Jordan and the other for the long term solution in the Mideast. The immediate resolution might recall the truce agreements and the UN Charter obligations of the countries concerned, and freeze the present armistice lines with Israel. Such a resolution, to be successful, would require a strong USA initiative with the Israelis, and we are therefore planning to explore this possibility with the USA delegation in the first instance.

374. DEA/50131-40

Le secrétaire d'État aux Affaires extérieures au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs to Permanent Representative to United Nations

TELEGRAM ME-262 Ottawa, August 14, 1958

SECRET. EMERGENCY.

Reference: Your Tel 1229 of Aug. 13.

Repeat Washington, London, NATO Paris, Paris, Cairo (OpImmediate), Delhi, Wellington, Bonn, Brussels, Hague, Rome, Tokyo (Priority) (Information).

By Bag Geneva, Ankara, Athens, Beirut, Belgrade, Moscow, Oslo, Tel Aviv, Accra, Canberra, Colombo, Jakarta, Kuala Lumpur, Madrid, Bogota, Rio, Stockholm, Lima, Santiago, Dublin.

EMERGENCY SPECIAL SESSION

On the whole we are encouraged by the situation as it has emerged from the opening rounds in the Assembly debates and consider that there are elements upon which we can build. If time is to be allowed for constructive solutions to emerge, however, it will be essential to damp down the two main tense situations, the continuing possibility of Israeli military action to take the West Bank and the possibility of a sudden change in the status quo in Jordan.

2. Thus while generally agreeing with the Secretary-General and others that some short period free of resolutions should be allowed in order to have a widely acceptable scheme take shape, we think that a Canadian statement within the next day or so might well highlight two themes:

(a) *Restraint in the Supply of Arms to the Area*: The USA President has already prepared the ground in his suggestion that the parties to the 1948 Arab-Israeli War — among which was Iraq as well as Israel and its immediate neighbours — might cooperate in calling for a UN study of the flow of heavy armaments to those nations. However, his suggestion was not to take immediate effect and moreover was open to the objection that its limited geographical application would probably appeal neither to the Soviet Union nor to the two principal Arab States concerned, the UAR and Iraq. Finally it said nothing of restraint by powers outside the region. To meet these difficulties we might, therefore, after referring to our own practice since 1956, based primarily on the relevant passage in the UN resolution of November 2, 1956 (Resolution 997), invite members of the UN to act in the spirit of that resolution on the understanding that its geographical application should extend to "the Arab region." Obviously we are coining a new term which we hope would avoid generating resistance from the Great Powers concerned; and

(b) *"Freezing Operation in the Region"*: In a further attempt to formalize a spirit of restraint and moderation, the Canadian statement might suggest the need for general undertakings to freeze the status quo in the region "pending a settlement of the problems of which the UN is at present seized." The terms in which such undertakings might be invited is of course important because we would not wish to imply the desirability of maintaining the status quo beyond the period in which solutions for the main problems of Lebanon and Jordan are constructed.

3. We are of course conscious that the inclusion of the foregoing points in a Canadian statement would have to be backed up by diplomatic activity. The key countries involved in our view are Israel and the UAR. The Canadian Mission could get in touch with the Israeli and UAR representatives to ask whether they would agree to express their willingness to go along with a general formula for freezing the situation such as we have mentioned above. If such an initiative could be mounted at once in New York we could take similar supporting action with the Israeli and UAR representatives in Ottawa.

4. We are also anxious that any forward position taken by Canada along the lines suggested above should fit into the broad picture of developments in the UN search for a settlement. The central problem as we see it is that some means must be found for permitting a necessary minimum of cooperation between the Great Powers. The Soviet draft resolution and the possibilities of its development suggested in Gromyko's speech cover only one element of the situation. We are not sure at this stage how best to develop a fully rounded approach to the problems of the area. It seems to us that the Secretary-General may be pursuing a limited objective in the sense that while he considers continuous consultation with the Great Powers necessary, he is aiming merely at securing their acquiescence, rather than their active participation, in producing a solution of which the essential element would be that it would reflect the wishes of the regional countries. Obviously this will be a delicate operation and the Great Powers will not only have to resist the urge to take too active a role in formulating the ultimate solution but will also have to do what they can to promote conditions in which such a concrete design could emerge. In this connection perhaps the most urgent question is to ensure that Israel does not give way to apprehensions regarding its position following a deterioration of the Jordan situation, a task of persuasion in which the USA has of course a principal role to play.

[JULES] LÉGER

---

375. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1235 New York, August 14, 1958

SECRET. OPIMMEDIATE.
Repeat London, Washington, NATO Paris, Paris (Information).

MIDEAST EMERGENCY SESSION OF UNGA

Following is text of preliminary draft resolution for joint sponsorship, on which we shall be commenting in separate telegram: "The General Assembly, having considered the item" "Questions discussed at the 838th meeting of the Security Council,"

(1) Reaffirms the Charter aim that States should "practice tolerance and live together in peace with one another as good neighbours;"

(2) Reaffirms the "essentials of peace" resolution of December 1, 1949 in which the General Assembly called upon every State "to refrain from any threats or acts, direct or

indirect, aimed at impairing the freedom, independence or integrity of any State, or at fomenting civil strife and subverting the will of the people of any State;"

(3) Appeals to the States concerned to make clear by word and deed their dedication to the principles of the foregoing resolution;

(4) Invites the Secretary-General to make arrangements forthwith for such measures, in addition to those envisaged by the Security Council resolution of June 11, as he may consider necessary in the light of the present circumstances, with a view to enabling the UN to fulfill the general purposes established in that resolution, and which will, in accordance with the Charter, serve to ensure the territorial integrity and political independence of Lebanon, so as to make possible the withdrawal of USA forces from Lebanon;

(5) Invites the Secretary-General, as a matter of urgency, and in consultation with the government of Jordan and other governments concerned, to make arrangements in accordance with the Charter enabling the UN to contribute effectively towards insuring the territorial integrity and political independence of Jordan against external threats and make possible the withdrawal of UK forces from Jordan;

(6) Recommends that the Thirteenth Session of the General Assembly consider the feasibility of establishing means for monitoring radio broadcasts to sensitive areas designed to foment civil strife in other States and means for examining complaints from States which consider their national security jeopardized by external propaganda;

(7) Invites the Secretary-General to pursue his studies now underway in preparation of the consideration of the XIII Session of the General Assembly of the feasibility of establishing a stand-by UN peace force;

(8) Invites the Secretary-General to continue the studies now going on within the Secretariat with the cooperation of the International Bank for Reconstruction and Development, so as to be prepared to render such assistance to the Arab countries of the Near East as they may request regarding the establishment of an Arab development institution designed to further economic growth in these countries;

(9) Requests member States to cooperate fully in carrying out this resolution;

(10) Invites the Secretary-General to make progress reports hereunder as appropriate, the first such report to be made not repeat not later than September 30."

---

376. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1237 New York, August 14, 1958

SECRET. OPIMMEDIATE.
Reference: My Tel 1235 Aug 14.
Repeat London, Washington, NATO Paris, Paris (Information).

MIDEAST EMERGENCY SESSION OF UNGA

The Minister has more or less decided to remove his name from the list of tomorrow's speakers in favour of a more substantive intervention on our part early next week in support of a comprehensive compromise resolution, the preliminary draft of which was contained in my telegram 1235.

2. This resolution has a devious history. It can perhaps best be described as a much revised version of a USA draft for which the first inspiration came from the Secretary-General. In its present form, however, neither the Secretary-General nor the USA has any official connection with it. Instead it has become a joint Norwegian-Canadian enterprise which, following further possible revision as a result of discussions we are having tonight and tomorrow morning with the Norwegian delegation, will, we hope, become the major middle power initiative of the current Assembly. The intention is to attract broadly based co-sponsorship through approaches to be made by ourselves and the Norwegians to the remaining Scandinavians and to India, Japan, Brazil, Ceylon, Malaya and, perhaps, Yugoslavia. In its present form it is acceptable to the USA and UK and, we believe, to the Arab bloc as a whole, although we shall know more of the Arab attitude following a meeting which Engen is now having with Fawzi.

3. Following a brief meeting with the Norwegian delegation this afternoon it was tentatively decided that the present draft will have to undergo certain amendments if it is to secure 2/3 majority support. Broadly speaking it would be our intention to try to arrange, with the acquiescence of the USA and UK, the elimination of those operative paragraphs not repeat not directly pertinent to Mideast issues. This will probably result in operative paragraph 6 (concerning monitoring of broadcasts) being dropped entirely and in operative paragraph 7 being made the subject of a separate resolution to be sponsored by a separate and, perhaps, smaller group of nations. The Minister has already indicated that it would suit Canadian government policy well to be associated with this separate initiative concerning the creation of a standby UN peace force.

4. We can only speculate on other changes which may emerge as the negotiations proceed. The reference in operative paragraph 3 to "States concerned" is intended to refer to the Arab States and Israel and it may well become necessary to use more precise language, e.g., the Arab League States and Israel, to make this section broadly acceptable. There has been some preliminary discussion too of the desirability or otherwise of amending operative paragraph 4 and 5 dealing respectively with Lebanon and Jordan in such a way as to make them more acceptable to the USSR. You will recognize that paragraph 4, for instance, is virtually a repetition of the Japanese resolution which was vetoed by the USSR in the Security Council. Our own first thought was that while the present wording might well suffice to achieve the necessary 2/3 majority in the Assembly, the important thing was to secure the USSR's political support in the longer term for the practical steps which will be needed to carry out the sense of this paragraph, and the ensuing one dealing with Jordan. Engen, on the other hand, considers that if, as he believes, these paragraphs can be supported in their present form by all the Arab States, the USSR will have no repeat no alternative but to support them, or abstain. He is less concerned about the political support of the USSR in the future than the immediate need to secure the passage of a resolution which will enable the Secretary-General to embark upon his grand design for a peace settlement in the Mideast.

377. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1254 New York, August 18, 1958

UNCLASSIFIED. OPIMMEDIATE.

Reference: My Tel 1248 Aug 18.†

Repeat Washington (OpImmediate) (Information).

Repeat London from Ottawa, Paris, NATO Paris from London, Geneva from Ottawa (OpImmediate).

By Bag Cairo, Ankara, Athens, Beirut, Belgrade, Karachi, Moscow, Delhi, Tel Aviv, Accra, Canberra, Colombo, Copenhagen, Jakarta, Bonn, Brussels, Hague, Rome from London, Tokyo, Bogota, Rio, Lima, Santiago from New York, Madrid from Paris.

MIDEAST EMERGENCY SESSION OF UNGA

The following is text of resolution co-sponsored by Canada, Colombia, Denmark, Liberia, Norway, Panama and Paraguay as submitted.

The General Assembly,

Having considered the item "Question discussed at the 838th meeting of the Security Council on August 7, 1958,"

Noting the declarations addressed to the President of the General Assembly of August 18, 1958 by the USA regarding USA forces now in Lebanon and their withdrawal and by the UK regarding British forces now in Jordan and their withdrawal,

Noting the Charter aim that States should "practise tolerance and live together in peace with one another as good neighbours,"

A.

1. Reaffirms that all member States should "refrain from any threats or acts, direct or indirect, aimed at impairing the freedom, independence or integrity of any State, or at fomenting civil strife and subverting the will of the people of[108] any State;"[109]

2. Calls upon all member States strictly to observe these obligations and to ensure that their conduct, by word and deed, in relation to the general area of the Near East, conforms to the abovementioned policy.

B.

Requests the Secretary-General, in accordance with the Charter, forthwith to make such practical arrangements as he, in consultation with the governments concerned, may find would adequately serve to help in upholding the purposes and principles of the Charter in relation to Lebanon and Jordan in present circumstances, having in mind section A of the present resolution.

---

[108] Note marginale :/Marginal note:
in [E. Rettie]

[109] Note marginale :/Marginal note:
E[ssentials]. of P[eace]. Res[olution] [E. Rettie]

C.

1. Notes that the Secretary-General has studies in preparation of the consideration by the Thirteenth Session of the General Assembly of the feasibility of establishing a standby UN peace force;

2. Invites the Secretary-General to continue his studies now under way and in this context to consult as appropriate with the Arab countries of the Near East with a view to possible assistance regarding an Arab development institution designed to further economic growth in these countries.

D.

1. Requests member States to cooperate fully in carrying out this resolution;

2. Invites the Secretary-General to report hereunder, as appropriate, the first such report to be made not repeat not later than September 30, 1958.

378. DEA/50131-40

Note de la Direction du Moyen-Orient

Memorandum by Middle Eastern Division

SECRET [Ottawa], August 19, 1958

TELEPHONE CONVERSATION WITH ROSS CAMPBELL IN NEW YORK

I called Ross Campbell at 9:45 a.m. He said that the delegation was reasonably optimistic about the situation in the emergency session. The Minister's speech for use during the course of the day had been completed and would be sent to us by emergency telegram. It had been cleared with the Secretary-General who had expressed complete satisfaction with it. U.S. and U.K. delegations said they were solidly behind our efforts. The draft 7-power resolution had been tabled the previous night. The position in regard to co-sponsorship was just as unsatisfactory as it had been before. Colombia and Panama were participating as non-permanent members of the Security Council, Paraguay was chosen as the current president of the Organization of American States, and Liberia as a representative of African interests (!). The Indian delegation had been doing some lobbying against the 7-power draft but this had subsided. The feeling in the delegation was that there might be a last-minute switch towards greater Afro-Asian support for the 7-power draft. This was based on the fact that the Secretary-General had taken an initiative towards the Arab States which was of course a matter of extreme secrecy, and of which we had learned from a very sensitive source. The Secretary-General had sent a letter to the UAR Foreign Minister, Mahmoud Fawzi, which conveyed in the Secretary-General's extremely elliptical fashion a formula regarding the timing of the withdrawal of U.S. and U.K. forces from Lebanon and Jordan. This formula was based on statements which recalled that under the 7-power draft the Secretary-General would be reporting back to the Assembly before September 30 and indicating the Secretary-General's confidence that by that time he would have a definitive statement to make with regard to the withdrawal of the forces. The letter also warned the Arab representative that the Secretary-General was prepared to withdraw his personal support from efforts to find a solution for current issues that would be satisfactory to the Arab States unless Arab support or cooperation were forthcoming in respect of the present efforts. It was possible that this tough stand taken by the Secretary-General would be sufficient to persuade the Arab States to abstain on the 7-power draft, in which case the 7-power draft had some prospect of being adopted.

2. In the light of these developments the Canadian statement was to be an all-out plea for Great Power and small power support for the 7-power draft as a compromise solution to a situation in which the individual wishes of a number of interested members could not possibly be met.

3. Commenting on the Afro-Asian position, Mr. Campbell said that the Japanese had been opposed to the references to a standby peace force and had been adamant even in the face of pressure from the U.S. delegation. The Indians had been making some difficulty over the force idea as well, claiming that there might be attempts at substituting such a force for the present foreign national contingents in the area and indicating some apprehension that an awkward precedent for Kashmir might be created. The Indians were also, of course, concerned about the lack of precision and absence of a time factor in the U.S. and U.K. declarations transmitted to the President of the Assembly. At the time of the telephone conversation Mr. Norman Robertson had heard a rumour that the Indians might be coming along a little bit. He also said he had no idea where Philip Dean had got his story in the *Globe and Mail* of August 19[110] hinting at the existence of a major deal amongst the Big Powers in which the Arabs had acquiesced.

4. Mr. Campbell then sketched in the main points in the Minister's statement: The idea that a compromise resolution was necessary to get started on the way towards a solution and a strong plea for Arab and Great Power support of the 7-power draft; the magnitude of the task assigned to the Secretary-General and the need to provide him with cooperation; the importance of finding a widely satisfactory formula with regard to troop withdrawals and our confidence that the U.S. and U.K. were desirous of an early withdrawal; the conflict between the U.N. Charter and classical international law with regard to the problem of national action to assist another government threatened with overthrow by pressures which did not clearly fit into the classical concepts of aggression; Canadian support for economic proposals for the area; Canadian support in principle for the idea of a standby peace force, emphasizing the great difficulties involved and the consequent need for further careful study; a reference to the desirability of establishing a network of non-aggression agreements in the area, based on ideas which had been emerging from Cairo and Tel Aviv and which were apparently still valid and in force; and finally a plea for more than 2/3 majority support for the 7-power draft, which would specifically invite the cooperation of the Soviet Union in its own interest.

E.R. RETTIE

---

379. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1260 New York, August 19, 1958

CONFIDENTIAL. OPIMMEDIATE.
Repeat Washington, London, NATO Paris, Paris (Priority) (Information).

---

[110] Voir/See "Big Powers, Arabs Close to Solution on Troop Pullout, Non-Interference: Envoys Concluding Agreement at UN," *The Globe and Mail*, August 19, 1958, pp. 1-2.

By Bag Cairo, Ankara, Athens, Beirut, Belgrade, Moscow, Delhi, Oslo, Tel Aviv, Accra, Bogota, Bonn, Brussels, Canberra, Colombo, Copenhagen, Jakarta, Hague, Kuala Lumpur, Madrid, Rio, Geneva, Rome, Stockholm, Tokyo, Wellington, Lima, Santiago, Dublin from London.

MIDEAST EMERGENCY SESSION OF UNGA

Malik (Lebanon) opened the debate this morning with a lengthy general statement which carefully avoided any comments on the situation being discussed by the Assembly. He discussed the history of his country, beginning with the ravishment of Europa by Zeus disguised as a bull. He commented in glowing terms on the contribution of the family of Chehab to the history of Lebanon. Lebanon he said had a unique character which should be preserved. Nonetheless Lebanon was a sister to all the Arab States and supported them in their legitimate aspirations. He concluded by asking that Lebanon be given peace and understanding by the world.

2. Ali Khan (Pakistan) called on the General Assembly to recognize the right of Lebanon and Jordan to call for assistance but expressed the hope that steps could be taken which would lead to the early withdrawal of USA and UK troops. The Assembly should decide to create a standby UN police force so as to avoid the necessity of states calling on other nations for assistance. He also recommended establishment of a regional economic development organization in close consultation with the states concerned. Commenting on the Palestine issue Ali Khan said that the UN must "proceed forward from the original resolution which still remains unimplemented."

3. Rapacki (Poland) in a strong but at least originally phrased speech followed the Soviet bloc theme. He was the first of the bloc to comment on the seven power resolution. He took issue with it on the grounds that it would seem to sanction USA and UK military intervention and did not repeat not call for an early withdrawal.

4. U Thant (Burma) took great pains to spell out the disinterested position of Burma in East-West matters. However, Burma considered it politically logical for the UN to find some suitable way whereby USA and UK troops might be speedily withdrawn from the area. He spoke out against a UN force on the grounds that it might inadvertently stifle the dynamic forces at play in the Mideast. He stressed, however, that such a force might be useful in other circumstances. He called for a change from a political to a commercial relationship between the West and the Mideast in matters of oil. He spoke of Jordan as being the more difficult of the two situations confronting the Assembly and expressed the hope that King Hussein would show "his personal interest in the welfare of his people by responding to their legitimate needs and aspirations. He concluded by saying that what the Mideast required was to be left alone.

5. Popovic (Yugoslavia) called for constructive approach which would not repeat not, however, conceal the truth. After calling the intervention of USA and UK forces "impermissible", he expressed sympathy with the nationalist strivings of the Arabs. In conclusion he laid stress on the necessity of finding agreement on a proposal which would make possible the withdrawal of foreign forces from Lebanon and Jordan without delay, with a time limit if possible. An adequate UN presence was also necessary against any foreign intervention. The proposal would conclude with a call for a general international guarantee against any possibility of aggression in the Mideast. While taking a relatively strong line Popovic attempted to stress a common sense approach rather than a doctrinal one.

6. Filali (Morocco) described the surge of Arab nationalism. He spoke out against foreign forces anywhere in the area, including the forces still in his own country.

7. Engen (Norway) then introduced the seven power draft. He stressed that UN efforts in this crisis would succeed or fail depending on the attitude and actions of the governments directly concerned. He stressed that decisions of the Assembly must reflect a middle position since they constituted instructions to the Secretary-General, whose field of operation was mutual accommodation and conciliation. He explained the provisions of the resolution in detail, stressing the necessity for keeping the directives for the Secretary-General sufficiently broad to allow him room for discretion. He stressed that he had refrained from discussing the substance of the situation in the area, saying that to have done so would have been contrary to the spirit and purpose of the resolution submitted.

8. The Minister then delivered his statement[111] giving Canada's reasons for supporting the seven power draft and the general views of Canada on the situation in the Mideast (text of statement as contained in our telegram 1255 August 19† was delivered with only minor modifications and without substantive changes).

9. Belaude (Peru) spoke at length in somewhat general terms. He concluded by endorsing the seven power resolution.

10. The Ukranian representative then spoke at even greater length along familiar lines.

11. The speaker's list for tomorrow is as follows: Ceylon, Yemen, Ethiopia, France, USSR, Venezuela, Liberia, Malaya, Brazil, Israel, Cuba, Mexico, USSR (again), Sudan, UAR, Panama, Ghana, Uruguay, Portugal, Ecuador, Tunisia, Nepal, Honduras, Bulgaria and Libya.

---

380. DEA/50131-40

Note de la Direction du Moyen-Orient

Memorandum by Middle Eastern Division

CONFIDENTIAL [Ottawa], August 20, 1958

TELEPHONE CONVERSATIONS WITH ROSS CAMPBELL IN NEW YORK

Ross Campbell informed me at 6:00 today that reports about the withdrawal of the 7-power draft resolution were incorrect. The delegations of the Arab States had indeed taken an initiative but it was add referendum to governments. Even if it were agreed by the Governments of the Arab States, the consensus of opinion amongst the seven co-sponsors of the prior resolution was that they should simply not press their draft to a vote. Although without a copy of the draft resolution agreed by the Arab delegations, Mr. Campbell said they had a fairly firm indication of its contents:

(a) The extracts from the essentials of peace resolution would be replaced by references to the Charter of the Arab League and to the Bandung principles;

(b) The operative part of the 7-power draft would be slightly amended and would be extended to designate the Secretary-General's functions as aimed at "facilitating the withdrawal of foreign troops" from Lebanon and Jordan. The only unsettled question of the formula to be used in referring to withdrawal was whether or not the U.S. and U.K. declarations of intent should be specifically referred to. The Lebanese wanted a reference, the Jordanians did not;

---

[111] Voir Nations Unies, Assemblée générale, *Documents officiels de l'Assemblée générale, troisième session extraordinaire d'urgence*, 741^e séance plenière, le 19 août, 1958, pp. 104 à 107.

See United Nations, General Assembly, *Official Records of the General Assembly, Third Emergency Special Session*, 741st Plenary Meeting, August 19, 1958, pp. 103-107.

(c) The operative paragraph relating to the standby peace force would be deleted; and

(d) The operative paragraph on the Arab development institution would be amended so as to have the General Assembly ask the Secretary-General to respond to the "request" of the Arab States for action towards an Arab development institution.

2. The Secretary-General was of course delighted with the Arab initiative and the U.K. was very pleased and desired no change in the proposal. The U.S. delegation in New York was also pleased with the Arab initiative but Mr. Dulles' views had not been ascertained. Cabot Lodge was worried because the Arab draft resolution dropped too many of Mr. Eisenhower's six-point plan. (Mr. Campbell commented that Mr. Eisenhower, in his press conference earlier in the day[112] had indicated that he was not too firmly wedded to the idea of a standby U.N. peace force.)

3. Mr. Campbell said that this Arab intervention, if it seemed to be working out, would probably result in an emergency visit to Amman by Abdel Khalik Hassouna, the Secretary-General of the Arab League, who was then in New York. His job would be to satisfy King Hussein that his position was not in danger. There was little indication of other attitudes in the General Assembly — although Gromyko had made a "vicious intervention" apparently intended to stiffen the Arab attitude on withdrawal. Obviously the Soviet Union did not like the Arab initiative because it would detract from the Soviet chances of scoring against the West.

4. Later in the evening Mr. Campbell informed me that the U.S., with Mr. Dulles' concurrence, and the U.K. had endorsed the Arab proposal. The Latin American delegations had apparently been voicing some objections but this tendency had rapidly subsided. The Arab proposal was expected to be finalized sometime tomorrow. If it did not appear to be successful we might learn quite early in the morning. If it had prospects of success we might not learn until later in the day. Mr. Campbell would phone us as soon as he had any definite word. In the meantime draft statements for the Prime Minister's use in the event of a question in the House of Commons might be prepared on an alternative basis.

5. Mr. Campbell informed me that part of the deal amongst the Arab states involved agreement that Dr. Malik should be the unanimous Arab choice for president of the 13th session of the General Assembly.

6. Mr. Campbell said that he understood from a source in the Secretariat that on the basis of a number of soundings he had taken, the Canadian statement of August 19 was regarded as one of the most substantial that had been made in the General Assembly in a long time and that it had been the subject of a great deal of favourable comment. The private U.S. view was that it might have been a little too forthcoming but publicly they were welcoming it.

7. Mr. Campbell said that it was possible that the Secretary-General would not personally undertake the negotiations leading to the establishment of the "practical arrangements" envisaged in the Arab draft resolution. This task might be assigned to Henry Labouisse, the former Director of UNRWA.

E.R. RETTIE

---

[112] Voir/See United States, *Public Papers of the Presidents of the United States: Dwight D. Eisenhower 1958*, Washington, D.C.: United States Government Printing Office, 1959, pp. 621-625.

381. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1272 New York, August 20, 1958

CONFIDENTIAL. OPIMMEDIATE.

EMERGENCY SPECIAL SESSION UNGA

Following is text of Arab draft resolution referred to in my telegram 1271 August 20:†

"The General Assembly,

A.

Having considered the item "Question discussed at the 838th meeting of the Security Council" on August 7, 1958,

Noting the Charter aim that States should "practice tolerance and live together in peace with one another as good neighbours,"

Noting that the Arab States have agreed in the Pact of the League of Arab States, and to support and stabilize these ties upon a basis of respect for the independence and sovereignty of these States, and to direct their efforts toward the common good of all the Arab countries, the improvement of their status, the security of their future and the realization of their aspirations and hopes;

Desiring to relieve international tension,

1. Welcomes the renewed assurances given by the Arab States to observe and to support the provisions of Article 8 of the Pact of the League of Arab States that "each member-state shall respect the systems of government established in the other member-states and regard them as exclusive concerns of those states, "and that" each shall pledge to abstain from any action calculated to change established systems of government,"

2. Calls upon all member-states to act strictly in accordance with the principles of mutual respect for each others' "territorial integrity and sovereignty, of non-aggression, of strict non-interference in each others' internal affairs, and of equal and mutual benefit, and to insure that their conduct by word and deed conforms to these principles;

B.

Requests the Secretary-General to make forthwith, in consultation with the governments concerned and in accordance with the UN Charter, and having in mind Section A of the present resolution, such practical arrangements as would adequately help in unholding the purposes and principles of the Charter in relation to Lebanon and Jordan in the present circumstances so as to make possible the early withdrawal of foreign troops from the two countries;

C.

Invites the Secretary-General to continue his studies now under way and in this context to consult as appropriate with the Arab countries of the Near East with a view to possible assistance regarding an Arab development institution designed to further economic growth in these countries;

D.

1. Requests member-states to cooperate fully in carrying out this resolution;

2. Invites the Secretary-General to report hereunder, as appropriate, the first such report to be made not repeat not later than September 30, 1958."

---

382. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1282 New York, August 21, 1958

CONFIDENTIAL. OPIMMEDIATE.

MIDEAST EMERGENCY SESSION OF THE UNGA

For Prime Minister (copy for Under-Secretary). This afternoon *mirable dictu* the Assembly unanimously adopted the Arab resolution a copy of which I sent to you last night. The only change is the substitution in Part B of the phrase "and thereby facilitate" for the words "so as to make possible." My own views are set forth in the following statement that I am giving to the press this evening.

"Canada regards the ten-power Arab resolution as an eminently satisfactory outcome of this Assembly. The Charter enjoins all member states to seek regional solutions to regional problems, and this the states directly concerned in this dispute have done. All delegations will feel a sense of gratification at the respect for the Charter that has been demonstrated and at the happier era now lying before Arab States in their mutual relations.

As will be apparent from my statement of August 19, we never regarded the seven-power resolution, with which we were associated, as more than a point of departure or basis for discussion for the accomplishment under UN auspices, of certain objectives: an end to inter-Arab rivalries, in a form to which all Arabs could subscribe; a reasonable formula, widely acceptable, to cover the thorny problem of withdrawal; and a new approach to the economic problems of the Mideast — all formulated in such a way as to carry the support of a large majority of UN members and in particular of the Four Great Powers.

All of these are adequately met by the Arab resolution. It provides a satisfactory code to govern the mutual relations of the Arab States; on the subject of withdrawal, it has arrived at a moderate formula which takes adequate notice of the UK and USA positions; and it is something to which the Four Great Powers have subscribed, thus holding out some prospect of a much needed "disengagement" in the Mideast. Moreover, it preserves the economic features so important for the future stability of the Mideast, and it permits a continuing link between the UN and future developments in that area, both economic and political — a fact which should ensure that the cordial relations now established between the Arab States will be carried forward into their individual and collective relations with non-Arab States of the region.

True, the UN stand-by force has been dropped — but only from this resolution. It will be given further careful study at the next regular session.

I regard the Arab resolution as an evaluation and fulfilment of the Canadian-Norwegian resolution. The Arab resolution holds out better prospects for peace in the Mideast by reason of the fact that it has been proposed by the Arab countries themselves."

There will be a luncheon here on Friday for foreign ministers and Selwyn Lloyd feels that I should attend, so I will be in Ottawa around 6 p.m. on Friday. I am delighted by the success of this first really important meeting of the Assembly that I have attended. I am not repeat not ashamed of Canada's contribution.

SIDNEY SMITH

---

383. DEA/5475-DW-51-A-40

Le secrétaire d'État des États-Unis
au secrétaire d'État aux Affaires extérieures

Secretary of State of United States
to Secretary of State for External Affairs

New York, August 22, 1958

Dear Sidney:

It was a great pleasure seeing you here at the United Nations General Assembly. I am glad that you came. I believe that your action in joining with Norway and Colombia to file a resolution was the key to the successful outcome.

Please remember me very kindly to Mr. Diefenbaker.

With best wishes, I am

Sincerely yours,
JOHN FOSTER DULLES

---

384. DEA/50131-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

[Ottawa], September 15, 1958

HAMMARSKJÖLD MISSION TO THE MIDDLE EAST

You may wish to have, for reference purposes, the attached notes on Mr. Hammarskjöld's recent mission to the Middle East, about which our information is as yet incomplete, as well as notes on the current situation in Lebanon. Mr. Hammarskjöld's consultations, pursuant to the mandate entrusted to him by the emergency special session of the General Assembly, have carried him twice to Amman as well as to Cairo, Bagdad and Beirut. His talks have centred around the creation of "good neighbourly" relations as a necessary prelude to practical arrangements for the withdrawals of troops from Lebanon and Jordan, with the situation in Jordan of course presenting the greater difficulty. As you will see from the attached note on Jordan, we do not entirely share the pessimism regarding the Secretary-General's mission which has characterised most newspaper accounts in recent days.

J. L[ÉGER]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note

Memorandum

SECRET. CANADIAN EYES ONLY.

MR. HAMMARSKJÖLD'S MISSION TO THE MIDDLE EAST

Pursuant to the mandate entrusted to him by the third special emergency session of the General Assembly in its resolution of August 21, Mr. Hammarskjöld left New York for the Middle East on August 25 to consult with the governments concerned in the area. The August 21 resolution, which was co-sponsored by all the Arab states and was adopted unanimously by the General Assembly, requested the Secretary-General *inter alia* to make "such practical arrangements as would adequately help in upholding the purposes and principles of the Charter in relation to Lebanon and Jordan in the present circumstances, and thereby facilitate the early withdrawal of the foreign troops from the two countries." The Secretary-General was also invited to report under the resolution not later than September 30.

2. In the course of his consultations in the Middle East, Mr. Hammarskjöld has visited Amman twice, as well as Cairo, Baghdad and Beirut. During his first visit to Amman, agreement was reached between the Secretary-General and the Jordanian Government on a memorandum, the main provisions of which were as follows:

(a) Neither a U.N. force nor a U.N. observation group would adequately serve the purposes of the General Assembly in relation to Jordan;

(b) The organization in Jordan of a U.N. "Representative office" headed by a special representative of the Secretary-General would be an appropriate element in such practical arrangements as were envisaged in the Arab resolution. U.N. representation in the other main Arab capitals should also be sought to assist the Arab states fully to implement their alleged intention to develop the cooperation called for in the Assembly resolution;

(c) These U.N. arrangements would support a positive good neighbour policy among the Arab states which, when put into effect, would provide safeguards for the independence and integrity of each Arab state and respect for its system of government. The question of the withdrawals of foreign troops should be seen essentially in the context of the development of a good neighbour policy in the Middle East;

(d) The restoration of all normal traffic conditions and lines of communication of Jordan across Syrian territory should be considered a natural expression of the restoration of cooperation between Jordan and the U.A.R.;

(e) All radio and press propaganda contrary to a successful good neighbour policy should be brought to an end.

3. When presenting these suggestions to President Nasser in Cairo, Mr. Hammarskjöld encountered a reluctance on the part of President Nasser to agree to any formula which could be represented as an admission of U.A.R. responsibility for the situation in Jordan.

4. While President Nasser had rejected any form of U.N. presence in Cairo, the Secretary-General was able, on his subsequent visit to Amman, to present to Samir Rifai, the

Jordanian Prime Minister, the following six-point programme to which President Nasser had agreed:

(a) a gradual implementation of the General Assembly resolution;

(b) a gradual and reasonable elimination of radio and press attacks on the present régime in Jordan; (The curtailment of such radio and press attacks must, however, be consistent with the right to express freely public political opinion).

(c) a personal representative of the Secretary-General being stationed in Amman to investigate alleged violations concerning the Arab resolution;

(d) work towards elimination of obstacles to transportation among the Arab states;

(e) the stationing of a liaison officer in Damascus "to facilitate communications" with the Secretary-General's representative in Amman;

(f) a reaffirmation of President Nasser's intention to continue his established policy of non-interference in the affairs of other Arab states.

5. In presenting this programme to Samir Rifai, the Secretary-General apparently indicated that he considered that President Nasser's agreement to these points was a constructive step forward. Samir Rifai's response, however, was that President Nasser's "programme" was completely unacceptable and that Mr. Hammarskjöld's visit to Cairo must be considered as a complete failure.

Comment

6. On balance, we are inclined to regard Mr. Hammarskjöld's mission to Cairo as one which has been as productive as could be expected in the circumstances.

7. Quick results, especially on the question of troop withdrawals from Jordan, could not be expected since the Jordanian Government had itself ruled out the possibility of stationing a U.N. force or Observer Group on its territory; arrangements for the withdrawal of U.K. forces became dependent therefore upon the restoration of friendly relations between Jordan and her Arab neighbours, a necessarily rather slow process in the light of current tensions between the Jordanian régime and those in Iraq and the U.A.R.

8. The programme which President Nasser worked out in Cairo with Secretary-General Hammarskjöld is not devoid of concessions; in particular, his agreement to accept the stationing, on U.A.R. territory in Damascus, of a U.N. representative represents basic acceptance of the U.N. responsibility for exercising continued surveillance over the development of good neighbourly relations between Arab states.

9. The Secretary-General himself is not willing to create a U.N. presence in Jordan to supervise the withdrawal of U.K. forces until he too is satisfied that the relations between Jordan and its neighbours are such that the U.N. representatives will not find themselves confronted, following U.K. troop withdrawal, with a violent upheaval which the U.N. would be powerless to prevent but for which it might be held responsible and which would thus be damaging to U.N. prestige. In view of these considerations, we should not discount Mr. Hammarskjöld's own assessment that the undertakings he received in Cairo amounted to "a constructive step forward."

10. A factor which should be kept in mind in assessing U.A.R. policy toward Jordan is the possibility of complications with the Israelis. President Nasser is obviously anxious to avoid a situation in Jordan which would invite Israeli military intervention since he would be either unable or unwilling to prevent the Israelis from taking such action.

11. With regard to Lebanon there have been no reports of any agreements concluded between Mr. Hammarskjöld and the Lebanese Government. This need not, however, be a cause for concern because

(a) It was not to be expected that the Lebanese Government would be able to take important substantive decisions during the transitional period preceding Chamoun's departure from office;

(b) As there is already a U.N. body (UNOGIL) functioning in Lebanon and in process of expansion, temporary lack of agreement on the introduction of a new U.N. organ into Lebanon would not significantly impede implementation of the Arab resolution;

(c) The U.S. Government has made it clear that the timing and pace of withdrawal of its forces in the absence of a specific Lebanese request would be determined on the basis of the U.S.A.'s own assessment of the requirements of the situation rather than on any specific formula agreed between the U.N. and the Lebanese Government.

JORDAN

During his first visit to Amman, the Secretary-General was reported to have reached agreement with the Jordanian government on a memorandum embodying the following main provisions:

(a) Neither a N[eutral] N[ations] force nor a U.N. observation group would adequately serve the purposes of the General Assembly in relation to Jordan;

(b) The organization in Jordan of a U.N. "representative office," headed by a special representative of the Secretary-General, would be an appropriate element in such practical arrangements as were envisaged in the Arab resolution. U.N. representation in the other main Arab capitals should also be sought to assist the Arab states fully to implement their declared intention to develop the co-operation called for in the Assembly resolution. (An essential element in the Jordanian presentation was some sort of U.N. representation in Cairo.);

(c) These U.N. arrangements would support the good-neighbour policy among the Arab states which, when put into effect, would provide safeguards for the independence and integrity of each Arab state and respect for its system of government. The question of the withdrawals of foreign troops should be seen essentially in the context of the development of a good-neighbour policy in the Middle East;

(d) The restoration of all normal traffic conditions and normal lines of communication in Jordan across Syrian territory should be considered a natural expression of the restoration of co-operation between Jordan and the U.A.R.;

(e) All radio and press propaganda contrary to a successful good-neighbour policy should be brought to an end.

2. It will be noted that the Jordanian Government made the question of troop withdrawals conditional upon the prior creation of "good neighbour" relations with the U.A.R., (points (c) to (e)), to whom the initiative was to be left.

3. When presenting this Jordanian formula to President Nasser in Cairo, Mr. Hammarskjöld encountered some reluctance on the part of the U.A.R. to make all the concessions or to agree to any formula which could be represented as an admission of responsibility for the situation in Jordan — a situation which the U.A.R. maintains is largely of an internal Jordanian character. This attitude may account for President Nasser's rejection of any new U.N. presence in Cairo in connection with the implementation of the

U.N. resolution and for the guarded nature of the terms of his own six-point programme presented to Hammarskjöld, the main elements of which were:

(a) A gradual implementation of the U.N. General Assembly resolution;

(b) A gradual elimination of radio and press attacks on the present régime in Jordan (the curtailment of such radio and press activity to be consistent with the right to express freely public political opinion);

(c) Agreement to the stationing of a personal representative of the Secretary-General in Amman to investigate alleged violations of the Arab resolution;

(d) An undertaking to work towards elimination of obstacles among the Arab states;

(e) Agreement to the stationing of a liaison officer in Damascus "to facilitate communications" with the Secretary-General's representative in Amman;

(f) A re-affirmation of his resolution to continue his policy of non-interference in the affairs of other Arab states.

4. While couched in reserved terms, this programme, which President Nasser worked out with Secretary-General Hammarskjöld, is not devoid of concessions; in particular his agreement to accept the stationing, on U.A.R. territory in Damascus, of a U.N. representative represents basic acceptance of the U.N. responsibility for exercising continued surveillance over the development of good-neighbourly relations between the Arab states. Had the government in Amman been satisfied that this constituted an adequate demonstration of U.A.R. good faith, the Secretary-General would have been able to begin immediately the creation of his U.N. presence in the Middle East to watch over the implementation of the U.N. resolution, including the question of troop withdrawals. However, the Jordanian Prime Minister is reported to have described the programme presented by President Nasser as "completely unacceptable" and has let it be known that Mr. Hammarskjöld's mission must be considered a failure.

5. In attempting to assess the accomplishments of the Hammarskjöld mission, we should perhaps guard against a natural tendency to look for quick results, especially on the question of troop withdrawals. We are apt to forget that since the Jordanian government had itself ruled out the possibility of stationing a U.N. force or observer group on its territory, arrangements for the withdrawal of U.K. forces thereupon became dependent upon the restoration of friendly relations between Jordan and her Arab neighbours, a development which is bound to be relatively slow in the light of current tensions between the Jordanian régime and those in Iraq and the U.A.R.

6. We are also apt to overlook the very important fact that Hammarskjöld himself is not willing to create a U.N. presence in Jordan to supervise the withdrawal of U.K. forces until he, too, is satisfied that the relations between Jordan and its neighbours are such that the U.N. representatives will not find themselves confronted, following U.K. troop withdrawal, with a violent upheaval which the U.N. would be powerless to prevent but for which it might be held responsible. Since U.N. prestige is at issue, the Secretary-General has a direct stake in promoting good-neighbourly relations, especially between Cairo and Amman, and accordingly we should not discount Mr. Hammarskjöld's own assessment that the undertakings he received in Cairo amounted to "a constructive step forward." Since those undertakings included a willingness to accept a U.N. presence in U.A.R. territory, linked directly with the projected U.N. office in Amman whose task it will be to investigate alleged violations of the Arab resolution, the basis for the "practical arrangement" now exists. On balance, we are inclined to regard Mr. Hammarskjöld's mission to Cairo as one which has been as productive as could be expected in the circumstances.

LEBANON

There have been no reports of any agreements concluded between the Secretary-General and the Lebanese Government. The lack of concrete agreement need not, however, be a cause for concern, because:

(a) It was not to be expected that the Lebanese Government would be able to take important substantive decisions during the transitional period preceding Chamoun's departure from office;

(b) As there is already a U.N. body (UNOGIL) functioning in Lebanon and in process of expansion, temporary lack of agreement on the introduction of a new U.N. organ into Lebanon would not significantly impede implementation of the Arab resolution;

(c) The U.S. Government has made it clear that the timing and pace of withdrawal of its forces in the absence of a specific Lebanese request would be determined on the basis of the USA's own assessment of the requirements of the situation rather than on any specific formula agreed between the U.N. and the Lebanese Government.

It was announced yesterday that the limited US troop withdrawal scheduled for this week, no doubt in the light of Chehab's inauguration and of the opening of the UN General Assembly, is to be increased from 1200 to 2000 men; this will leave 9400 U.S. troops in Lebanon. It may be expected that further withdrawals will follow over a period of time until the force is comparable in size to the 2000-man U.K. force in Jordan, but that the remainder of the U.S. forces will not be withdrawn in advance of the U.K. forces unless an official Lebanese request is received. Chehab's ambiguous statements make it extremely difficult to estimate when such a request will be made.

In spite of Lebanese opposition statements (possibly made for bargaining purposes only) that UNOGIL, notwithstanding its "fine services," should now withdraw, UNOGIL's strength is being increased immediately by 62 officers, drawn from five countries new to the UNOGIL operation, and an ultimate strength of 500 is now being discussed, as part of a general "U.N. presence" in the area. We have been informally told that further requests for officers may be made to Canada in the near future.

---

385. DEA/50131-40

Le représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 1403 New York, September 18, 1958

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Repeat London, Washington (OpImmediate) (Information).
Repeat Cairo (OpImmediate) from Ottawa.
By Bag Beirut from London.

SECRETARY-GENERAL'S VISIT TO THE MIDEAST

The Minister saw the Secretary-General this morning and received from him an account of his impressions of conditions in the Mideast countries and of his negotiations there.

2. Mr. Hammarskjöld began by discussing the situation in Iraq. He said that the present Iraqi government was middle class and a liberal in outlook, very short on administrative

experience and faced with formidable social and economic problems. He feared the possibility that they might prove to be a "Kerensky" type of government, which could be succeeded by a revolution of the proletariat. He thought the present government was the best the Western Powers could hope for in the circumstances and that one should have no repeat no illusions that a more pro-Western government might come into being in Iraq.

3. With regard to Jordan, Mr. Hammarskjöld said that it was of course a police state of the strictest kind; that power was in the hands of Riffai and the King struck him as being only an echo of his Prime Minister. Conditions of great physical insecurity prevailed. Riffai was unpopular with a great majority of the population. There was always the possibility of the King's assassination at the hands of some extremist, in which case it was hard to see how Jordan would hold together.

4. On the other hand he thought there was little likelihood at present of an organized coup to oust the present régime. If this had been going to take place, the propitious moment would have been simultaneous with that of the Iraq coup d'état. In existing circumstances, an organized revolution was less likely for several reasons

(1) The army morale seemed to be good and the officers devoted to the King. Moreover, the army would not repeat not be likely to stage a revolt unless it knew whence funds would be forthcoming to pay the troops. This later point was connected with the following point

(2) Jordan was now living on USA subsidies. In the Secretary-General's view neither the UAR nor Iraq would be willing to take on the financial involvement of financing and keeping going a new régime in Jordan

(3) Mr. Hammarskjöld believed that none of Jordan's neighbours were prepared to take over that country. The Egyptians had their hands full with Syria and knew that Jordan was more than they could tackle. The Syrians might wish to move but could not repeat not do so without Cairo's approval, which they would not repeat not receive. While fusion between Iraq and Jordan might seem more probable, he thought the Iraqis genuinely would not repeat not wish to saddle themselves with Jordan. So far as Israel was concerned, while they might be tempted to move on the West Bank, this could only be contemplated if they could drive the Arab refugees before them. They could not absorb hundreds of thousands of additional Arabs into the State of Israel. Mr. Hammarskjöld touched briefly on the subject of Jordan in his conversation with Ben Gurion and felt reassured regarding the latter's intentions.

5. Mr. Hammarskjöld appeared to have concluded that the chances of Jordan's survival as a state, at any rate in the short run, were better than he might have supposed before his visit.

6. In Lebanon, the Secretary-General found a fluid and entangled situation. He was favourably impressed by Chehab, whom he described as an honourable and straightforward soldier, although lacking in political experience. He thought that the new Prime Minister might be Karami. He had formed the impression that future lines of political development in Lebanon might be a more clearcut division on religion with the Christians in opposition. He thought that future trouble might arise from the extremists in the Christian parties.

7. In Egypt he had fund Fawzi reasonable and conciliatory and thought he enjoyed a relatively strong position with Nasser. Nasser himself, on the other hand, had been violent in his statements. While the Secretary-General was willing to attribute a good deal of this to the fact that Nasser had been in ill health at the time, it seemed that he had been rather shocked (and perhaps disconcerted) by Nasser's tone.

8. Turning from his general impressions of political conditions in the area to the subject matter of his negotiations, the Secretary-General said that his conception of his mission was to set up arrangements to give effect to the principles of non aggression and non interference embodied in the General Assembly's resolution. He considered that he had been able to make progress in this direction. He outlined the six points described in CRO telegram W787, which was quoted in your telegram ME-286 of September 17,† and went on to describe his plans for the UN "presence" in the area. He said that while at first he had been considering the establishment of a network of UN diplomatic representatives in the Arab countries concerned, including Cairo and Bagdad as well as Amman, he had been convinced by the Egyptian arguments against such procedure, especially as they were echoed in Bagdad. Fawzi had pointed out to him that the UN had achieved great prestige in the Mideast area, but that he feared the establishment of such a complex of UN missions would be misinterpreted by the Arab states, who would fear they were being put under some special type of surveillance. The Secretary-General had therefore fallen back upon the arrangement outlined in the CRO telegram W-787, which he elaborated in the following terms: there would be a "watch dog" UN mission in Amman, with a start of perhaps sixty to one hundred personnel. While these would be under a diplomatic chief, many of them would have to be military (although in mufti). What was required was a sort of "CID" [CIA?] operation but without secrecy. The mission would have access to the Jordanian authorities. They would be on the watch for any signs of attempts from the outside to undermine the régime. They would monitor broadcasts to Jordan in an attempt to check up on UAR promises to tone down their propaganda. On the other hand, the UN mission would, of course, have no repeat no authority to intervene in the internal affairs of Jordan. The mission would report to the Secretary-General, and reports would not repeat not be made public.

9. Complementary to this "watch dog" operation in Jordan would be the appointment of a senior UN diplomatic official, who would have his headquarters with the UN in New York but who would visit the area from time to time as required and would have access to the governments concerned, including UAR, Iraq, and Lebanon as well as Jordan. This official would also in practice receive the reports from the Amman UN mission. Characterizing these proposed arrangements, the Secretary-General said that this was the most that the governments concerned would accept. The Jordanian government had absolutely refused to contemplate a UN force in Jordan. There was no repeat no call for an observer force there, as the problem of infiltration did not repeat not exist.

10. Commenting on the relationship of these arrangements to the withdrawal of UK troops, the Secretary-General said that the date of this withdrawal remained a matter between the UK and the Jordanian governments. He was aware that the UK were anxious to withdraw their troops as soon as possible. He thought it not repeat not improbable however that the Jordanian government for their part might wish to make domestic political capital out of announcing that they had requested the withdrawal of the UK forces.

11. The Minister then pointed out that it was his understanding from Mr. Selwyn Lloyd that the UK government might wish to announce the impending withdrawal of their troops from Jordan in the speech which Mr. Lloyd will deliver in the General Assembly on September 24. The Secretary-General said that he could see no repeat no objection to this course, although it might be desirable to await his own report to the General Assembly on September 30, so that the UK decision could appear to flow from that report.

12. With regard to the Lebanon, Mr. Hammarskjöld said that General Chehab had welcomed his proposals to build up UNOGIL to a total of approximately 1,000 and had felt that it could play a very useful role in the months immediately following his accession to

the presidency. The Secretary-General did not repeat not think that UNOGIL would be required in Lebanon much after January 1959. However, in a message which he had received from General Chehab yesterday there had been some indications that he was having second thoughts about such an extensive buildup of UNOGIL. It might be that the total figure arrived at would be somewhat less than the Secretary-General had originally contemplated but that must depend on events. Meanwhile it was important to get the buildup launched as soon as possible. The Secretary-General referred to his request to Canada for fifty officers, a total which would not repeat not be affected by considerations concerned with the ultimate size of UNOGIL.

[C.S.A.] RITCHIE

---

386. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 21, 1958

Present:
The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne) (for afternoon meeting only),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Fournier).

. . .

U.N.O.G.I.L.; REQUEST FOR 50 MORE OFFICERS

17. *The Secretary of State for External Affairs* said that a request had been received from the Secretary-General of the United Nations for 50 additional officers from Canada to assist in the building up of the U.N. observation group in Lebanon from its present strength of approximately 300 to something in the vicinity of 900 to 1,000 in the next few weeks.

At the present time, Canada had 22 officers with U.N.O.G.I.L. Captains, lieutenants and second-lieutenants would be accepted.

The Secretary-General of the United Nations had explained that this would be the last request for Canadian personnel and that the operation would be a short-term one since it was proposed to begin withdrawal of U.N.O.G.I.L. at the beginning of the next year.

18. *Mr. Smith* also stated that efforts were being made to facilitate the early completion of the withdrawal of U.S. forces from Lebanon without resultant embarrassment or loss of prestige for the United States. The new President of Lebanon, General Chehab, would assume his post on September 23rd, and it was clear that support for him among the present opposition in Lebanon would depend on his requesting the U.S. forces to withdraw. At the same time support for Chehab among the Christian "loyalist" elements (those who presently support President Chamoun) would be dependent on this request being made in circumstances which would not lead them to fear for their security. It was evident, however, that from both the U.S. and Lebanese points of view, it would be far better if, when U.S. withdrawal were made, there should be a very substantial U.N. presence in Lebanon to reassure the Christian "loyalist" elements and help re-establish stability.

If the present request was met the total Canadian military personnel would number 78 (72 officers plus 6 N.C.O.'s), or roughly 8 per cent of the total strength of U.N.O.G.I.L.

He recommends that Canada accede to the latest request from the United Nations Secretary General.

19. *The Minister of National Defence* said that it would be possible for the Army to provide the necessary personnel although the number going would pinch a bit. It was most desirable, however, that an officer of the rank of lieutenant-colonel be sent with this new group with whom defence headquarters could correspond and who would be responsible for discipline and personnel problems for the group. A lieutenant-colonel had already been sent to Lebanon but he could not fulfill these responsibilities if he also had to play the role of observer. The lieutenant-colonel would act as a sort of "pater familias" to the Canadian contingent.

20. *The Cabinet* approved the recommendation of the Secretary of State for External Affairs that an additional group of 50 officers be provided for U.N.O.G.I.L., subject to the reservation that one of these officers be of the rank of lieutenant-colonel and be responsible for the discipline and behaviour of the Canadian group.

. . .

6^e PARTIE/PART 6

ISRAËL : VISITE DU MINISTRE DES AFFAIRES ÉTRANGÈRES À OTTAWA, 20 OCTOBRE 1958
ISRAEL: VISIT OF FOREIGN MINISTER TO OTTAWA, OCTOBER 20, 1958

387. DEA/50000-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 10, 1958

BRIEF FOR VISIT OF ISRAELI FOREIGN MINISTER

A: GENERAL

1. Mrs. Meir's remarks to you may be expected to fall under three major headings:

(a) *The General Middle East Situation*: Israel maintains that its quarrel with current trends in the Arab world arises not from hostility to Arab nationalism and unity as such, but to the destructive and aggressive form of this nationalism loosely defined as "Nasserism." The West's acceptance of the "Arab resolution" of August 21[113] (for which Mrs. Meir has said Israel voted with extreme reluctance) was unwise because it implied encouragement of Nasser as leader of the Arab world, resuscitation of the Arab League under U.A.R. leadership, and concentration on purely Arab issues to the exclusion of the Arab-Israeli problem and Israel's own needs. In the Israeli view, Nasser, while perhaps not a Communist, is irrevocably committed to and dependent on the Soviet Union (which like him is fundamentally hostile to Israel), and therefore Western compromises with the U.A.R. are compromises with the Soviet Union.

(b) *The Problem of Israel's Security*: Israel argues that the UN has shown itself over the past decade ineffective or unwilling to protect Israel or to enforce the armistice agreements equitably — whence Israel's reluctance to admit any diminution of its sovereignty by allowing UNEF on its territory, and its resistance to certain aspects of the work of UNTSO. Nor can Israel's long-term security be assured by concessions to the Arabs, since Nasser is stated to be dedicated to Israel's destruction; any conciliatory offer would only encourage further Arab demands. Israel must therefore seek and rely on reinforced U.S. and perhaps other Western military guarantees, and must obtain additional arms from the West. It is argued that military association between Israel and the West (either via NATO as proposed in 1957, or through bilateral arrangements) has advantages for the West also, as the Arab world is passing irretrievably under Soviet influence.

(c) *Israel's Desire for Arms and Training Facilities from Canada*: (A separate paper on this subject is attached as Part "B" of this memorandum)

---

[113] Voir/See Document 381.

2. In your replies to Mrs. Meir, you may wish to keep the following themes in mind:

(a) It has yet to be demonstrated that there exists any broadly based form of Arab nationalism distinct from that led by President Nasser, even though separate poles of attraction may arise within the same basic movement, as at present in Iraq.

(b) In spite of the present similarity of a number of U.A.R. and Soviet aims, the facile equation of Nasser and communism in the Arab world cannot be substantiated. (It may be noted that local communists opposed Syria's union with Egypt, and are now supporting the anti-U.A.R. faction in the Iraqi revolutionary régime.) Although Nasser's régime pursues certain policies which run counter to Western and Israeli interests, it does not necessarily follow that overt political and military hostility to the U.A.R. is the way in which such tendencies can be arrested.

(c) Unanimous U.N. approval of the August 21 Arab resolution following 10 days of debate noteworthy for its lack of reference to Israel, was to some extent a reflection of the recognition by world opinion that the problem of inter-Arab-relations had to be tackled before the Arab-Israeli problem would be solved. Perhaps our inability to bring peace in Palestine over the last decade was a result of failure to realize that there could be no rational Arab approach to the problem until inter-Arab rivalries, leading to a tendency to vie in hostility against Israel, were settled, until the Arab sense of insecurity, resulting from division and weakness, was removed, and until there could be some U.N. insulation of the area from cold-war tensions.

(d) It is possible that the Israelis do not fully believe their own propaganda about Nasser as the instrument of communism and as Israel's chief foe, but lay particular emphasis on this theme because it appeals in different ways to the Western powers through their major preoccupations in the area — i.e., that of the U.S.A. with communism and that of the U.K. and France with Nasser himself. Two points are relevant:

(i) Nasser, contrary to the general impression, is not more hostile to Israel than other Arab leaders; Cairo radio steadily attacks "Israeli aggression and expansionism," but does not call for Israel's destruction. Nasser himself is known to have sent an oral message to Ben Gurion last month saying that when there was a period of calm, the two countries would have to try to resolve their problems, although a condition of peace would have to be limitation of Israel's population — a qualification which Israel would find it difficult in principle to accept.

(ii) You will recall the abortive secret overtures made to certain Western delegations at the Emergency Special Session by both the U.A.R. and the Israeli delegations, presumably unknown to one another, regarding the possible conclusion of a non-aggression agreement based on existing frontiers.

(e) Some of the basic assumptions of Israel's security policy as outlined above in Para 1(b) seem unrealistic.

(i) The UN has gained wider acceptance in the Middle East than almost anywhere else, and its effectiveness and means of action are growing. Implicit in Israel's unwillingness to rely on the UN lies a latent danger of divergence from countries like Canada — and now the United States, as President Eisenhower's speech to the Special Session[114] showed — which are putting increased emphasis on the UN role in the area.

(ii) Although strong sympathy for Israel will always remain in Canada and other Western countries, the inevitable growth of Arab strength and political importance, as well as changing strategic concepts, are likely to lead in time to a reduction in the

---

[114] Voir/See Document 372, note 107.

West's practical interest in close military association with Israel. Israel's longtime security will therefore have to be constructed not on a basis of reliance on the West, but on an ultimate accommodation with its Arab neighbours.

(iii) The facts of the cold war and of the Arab-Israeli population ratio in the Middle East mean that an arms race is an inevitably self-defeating exercise.

(f) Perhaps Israel, while being assured of our continual interest and support, should now be encouraged to think in terms of

- considering Arab unity as a phenomenon which may in the end improve rather than render more difficult the prospects for an Arab-Israeli settlement;
- recognizing that an oblique rather than direct approach to the Arab-Israeli problem is necessary at present;
- increasing its reliance on the U.N.;
- working for a settlement based on mutual concessions, with Israel, because of the nature of Arab psychology, perhaps having to make the first real conciliatory gesture.

B: ARMS EXPORTS TO ISRAEL

The Soviet decision of 1955 to supply arms to the Arab states effectively broke down two basic assumptions underlying the United States-United Kingdom-French Tripartite declaration of May, 1950,[115] namely, that the three Western powers could by themselves:

(a) ensure that the level of armaments in the Middle East was not disadvantageous to Israel, and

(b) prevent the violation of existing frontiers.

In present circumstances, the three powers could achieve those objectives, if at all, only by becoming Israel's military ally against the Arabs, thereby forcing the Arabs into the Soviet camp and perhaps even inviting yet another great power confrontation in the Middle East. Fortunately, neither legitimate Western concern for Israel nor the evolving pattern in the area yet demands any such action by the West:

(a) Despite the quantity of Soviet arms supplied to the Arab states in the past three years, the joint intelligence estimate as of mid-1958 was that Israeli military capability was neither quantitatively or qualitatively inferior to that of the combined Arab states;

(b) The removal of inter-Arab differences now in progress can be expected to weaken, rather than strengthen, the Israeli case for a policy of military preparedness since, as explained in the main brief, a united Arab approach will permit the public adoption of a more moderate line towards Israel on the part of important Arab leaders, including President Nasser;

(c) The development of new United Nations machinery for ensuring stable conditions in the Middle East, reflecting the concern of a broad majority of United Nations members for peace in the area, has

(1) reduced the need of Israel to seek or receive special assurances or assistance from the great powers; and correspondingly increased the desirability of Israeli reliance on United Nations efforts in the area — a point which Mrs. Meir might be invited to consider; and

(2) increased the possibilities of inducing the Soviet Union to make good its frequently expressed willingness to join in the international limitation of arms supplies to the area;

---

[115] Voir/See Volume 20, Document 700, note 47.

(d) In connection with point (c) (2), Mrs. Meir will, no doubt, argue that the revolution in Iraq and the imminent possibility of the delivery of Soviet arms to the new régime increases Israel's need for arms. Seen in a different light, however, the disappearance of Western obligations to Iraq removes one of the major impediments to Western acceptance of an international arms limitation in the area, a development which President Eisenhower specifically welcomed in his August 13 speech at the United Nations.

2. The United Kingdom publicly and the United States, both publicly and privately, share the view that Israel's military position does not require the provision by the West of any significant military equipment beyond reasonable spares and replacements. In January of this year, to avoid export credits insurance claims, and again in September, 1958, out of a need to ensure continued Israeli cooperation in providing overflying rights to Jordan, the United Kingdom has permitted "exceptions" to and "departures" from its general policy. It is not yet clear how far the U.K. intends to carry the change in arms policy implicit in these departures, which could have the very serious consequence of intensifying the Middle East arms race. France has been less concerned to apply restraint, although nominally adhering to the same policy as the United States and United Kingdom. The Canadian policy has been not to licence the export of significant military equipment to the Middle East, including Israel, a policy which is consonant with our general attitude towards trafficking in arms.

3. On the whole, any arguments for an affirmative response to the recent Israeli campaign for new arms[116] (in Canada's case, the provision of serial torpedoes, 25-Pdr. guns, Browning machine guns and tank bodies) must be viewed in the light of the traditional Israeli tendency towards a military posture (intensified by their interpretation of recent events in the Middle East) and the possible reactions of the Arab states and the Soviet Union. Quite apart from the unfortunate economic consequence of an intensification of arms race in the area, to which President Eisenhower again expressed United States opposition during the emergency special session of the General Assembly, a renewal of significant military shipments to Israel at this time would tend to retard present progress towards a solution of Middle East problems. Although the Canadian supplies requested might not have any decisive effect on the broad picture and might be of some, though minor, importance in the Canadian export trade, our whole recent approach to the Middle East problem has been to advocate methods of mediation, conciliation and restraint, preferably using United Nations machinery, rather than the precarious balancing of positions of strength. In particular, it would be inconsistent with our expressed desire for the creation of a network of non-aggression pacts in the area, specifically introduced in our statements at the recent Emergency Special Session as a measure of our concern for Israel's security, to engage without compelling reasons in any activity which might encourage reliance on military solutions. Obviously the situation demands constant review, and should the military balance shift seriously to Israel's disadvantage, the Western policy, to which Canada has adhered, would have to be reconsidered in consultation with our principal allies.

J. L[ÉGER]

---

[116] Voir, à la première Partie de ce chapitre, la réponse canadienne à la demande d'armes spécifiques formulée par Israël.
See Part 1 of this chapter for the Canadian response to Israel's request for specific arms.

388. DEA/50134-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Israël

Secretary of State for External Affairs
to Ambassador in Israel

TELEGRAM ME-305 Ottawa, October 21, 1958

SECRET. EMERGENCY.

Reference: Your Tel 104 Oct 21.†

Repeat Permis New York, London, Washington, NATO Paris, Paris, Cairo (Deferred) (Information).

By Bag Beirut, Ankara, Oslo, Athens, Belgrade, Karachi, Moscow, Delhi from London.

VISIT OF MRS. MEIR

Programme included half hour call on Prime Minister, lengthy interview with Minister, meeting with officials, government luncheon at which Minister was host, press conference and radio and TV interviews.

2. Three main themes emerged from Mrs. Meir's discussions with ministers and officials: Israel's fundamental opposition to the drive for Arab unity under Nasser's leadership; Israel's belief that it must rely for its security almost exclusively on its own efforts and on its Western associations rather than on the UN; and Israel's consequent desire for reinforced Western guarantees and for arms.

3. The emphasis in Ottawa was on the need for arms and in particular for an unspecified number of aerial torpedoes, produced only in Canada. On Ben Gurion's advice Mrs. Meir concentrated on this single item which had acquired top priority on the Israeli shopping list as a result of the UAR's recent acquisition of six submarines from the USSR. This request followed discussions in London and Washington where certain modifications in arms export policy had been achieved; Mrs. Meir described her talks in London as having produced a fundamental change in arms export policy which had yielded "about a quarter of what Israel has requested;" and the talks in Washington as having signified "a change in principle," with some new items of minor significance being released. For your information Washington has since informed us that while the release of small arms, spare parts and light equipment would be continued, the State Department did not repeat not expect any change in USA policy regarding the withholding of heavy equipment, although they would not repeat not object to Israel's getting such equipment from others.

4. Mrs. Meir was told by the Minister, following an explanation of Canada's normal policy of withholding permits for export of significant military equipment, that Israel's request for aerial torpedoes would be studied. The decision may turn partly on the results of further consultations now being undertaken in London and Washington.

CHAPITRE III/CHAPTER III

EXTRÊME-ORIENT
FAR EAST

PREMIÈRE PARTIE/PART 1

COMMISSIONS INTERNATIONALES DE SURVEILLANCE ET DE CONTRÔLE
INTERNATIONAL COMMISSIONS FOR SUPERVISION AND CONTROL

SECTION A

LAOS

389. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 79-58 [Ottawa], April 22, 1958

SECRET

DISSOLUTION OF THE INTERNATIONAL COMMISSION FOR SUPERVISION AND CONTROL IN LAOS

The three International Supervisory Commissions which were established by the Geneva Conference of 1954 were given the tasks of observing and supervising the implementation of the Cease-Fire Agreements for Laos, Cambodia and Vietnam and supervising the action which was to be taken by the responsible parties to bring about political settlements.

2. Although this memorandum is concerned with Laos, it may be useful to outline briefly the situations in the other two Indochina Commissions. All three Commissions, on which India as chairman, Canada and Poland were represented, have been in operation continuously since August 1954.

3. Vietnam remains divided and it seems clear that the International Commission for that country still has a useful role to perform in contributing to the stability of the country and in acting as a deterrent against open aggression by Communist North Vietnam.

4. The Cambodia Commission completed its tasks early in 1956, by which time the Communist rebel forces had been integrated into the national community, in accordance with the terms of the Cease-Fire Agreement for Cambodia, and national elections had been held. The Canadian Delegation in 1956 tabled a resolution recommending the dissolution of the Cambodia Commission.[1] This initiative was abandoned however, because of opposition from India, Poland, France and the Prime Minister of Cambodia. The latter admitted that

---

[1] Voir/See Volume 23, Document 699.

he wished the Commission to remain to provide Cambodia with protection against possible violations of its border by South Vietnam and Thailand. The Canadian Delegation refused to agree to this role, since it was not assigned to the Commission by the Geneva Agreements. The Commission in Cambodia has in fact been inactive for two years, but Canada, largely because of the circumstances mentioned above, has not insisted on its dissolution. However, if we can bring about the dissolution of the Laos Commission, it may become possible to end our commitments in Cambodia also.

5. In Laos an agreement was signed in November, 1957, between the Communist-influenced Pathet Lao insurgents and the Royal Laotian Government. This agreement provided for the integration of the Pathet Lao zone and military and civilian personnel into the national community and Pathet Lao representation in the Cabinet by two ministers. The requirements laid down by the Geneva Agreements were thus met. On May 4 supplementary elections will be held to give the political party formed by the Pathet Lao an opportunity to obtain representation in the National Assembly. These elections will clearly conclude the political settlement envisaged by the Geneva Agreement and will represent the complete fulfilment by the Laotian Government of its obligations under the agreement.

6. The Laotian Prime Minister, during his visit to Ottawa in January,[2] informed the Prime Minister and me that the Government of Laos was anxious that the Commission should leave Laos after the May elections, and he was assured that Canada supported this stand. The Government of Laos has formally requested the Commission to leave immediately after the elections, on the grounds that its tasks will be completed at that time. Canadian policy has been to argue at every opportunity that the Commission should not continue indefinitely after its tasks are completed. The Indians, however, oppose our position, on the grounds that one Indochina Commission should not be dissolved until all are, and because of their understanding that this was tacitly agreed to at Geneva in 1954 by the major Communist and Western nations. They suggest as well that dissolution of the Laos Commission might tend to undermine the stabilizing influence of the Vietnam Commission. The Communist bloc also seems to favour continuation of the Laos Commission, probably to protect Communist subversives from action by the Laotian Government and also as an inhibiting influence against increased United States military assistance.

7. We do not consider the Indian arguments for maintaining the Commission to be valid. The Geneva Agreement defines neither the time nor the manner of dissolution of the Commission, and, therefore, as a matter of reason and common sense, it must be presumed that the Commission should cease to exist as soon as its task is finished. We are supported wholeheartedly in this view by the two Western governments who were most concerned with the Geneva settlement, France and the United Kingdom. (The United Kingdom Foreign Secretary was one of the Co-chairmen of the 1954 Geneva Conference; the USSR Foreign Minister was the other.) France, indeed, has indicated that it will not provide financial support to the Laos Commission after May 4.

8. There may be certain disadvantages in establishing a precedent whereby one member of an international agency of this sort may bring it to an end by unilateral withdrawal. However, the Laos Commission clearly has fulfilled its responsibilities and the essence of the Canadian argument has been that international commissions should not be brought into disrepute by being maintained indefinitely after it has become obvious that they have completed the tasks allotted to them. We have also contended that the Laos Commission should not impose itself against the wishes of the sovereign and independent Laotian

---

[2] Voir la 5^{e} partie./See Part 5.

Government, which has fulfilled its obligations under the Geneva Agreement and which is understandably sensitive about its newly acquired independence. There is the additional important consideration that, unless we take firm action to promote dissolution when all the circumstances justify this, our commitments in Indochina may become of indefinite duration. While the Indians and the Poles may have political purposes for keeping the Commissions in being after they have completed their tasks, it is not considered that these purposes coincide with Canadian interests.

9. In the light of the Indian and Polish positions, it seems clear that, in order to further dissolution of the Commission, the Canadian Delegation may have to withdraw from Laos on its own and against the wishes of the other two Commission members. We would hope that the suggestions of such resolute Canadian action might cause the Indians to modify their position. On the other hand, it is possible that this action might meet the strong opposition of the Indians, with a consequent disagreement in a matter in which the two Governments have been cooperating closely. This is an important consideration, especially since we shall be continuing to work with the Indians on the Vietnam Commission. I believe, however, that the principles involved as well as the political and practical disadvantages of continuing on indefinitely in Laos, justify the risk that some friction might develop between Canada and India over this particular issue.

10. I recommend, therefore, that the approval of Cabinet be given in principle to unilateral withdrawal by Canada from the International Commission in Laos after the supplementary elections of May 4, if the Indians and the Poles do not agree to dissolution. I also recommend that the final decision as to timing and the actual procedure to be followed be left to the discretion of the Secretary of State for External Affairs, who will, in making the decision, take into account any new factors which may affect the situation.[3]

[SIDNEY SMITH]

---

390. DEA/50052-B-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET [Ottawa], July 4, 1958

LAOS COMMISSION

On April 29 the Cabinet agreed in principle that the Canadian Delegation should withdraw from the Laos Commission if the other two delegations did not agree to dissolution.

2. In accordance with the decision of the Cabinet, the Indians were informed of our intentions. They tried to dissuade us from unilateral withdrawal, but their alternative (a "shadow" commission in Saigon) was not considered consistent with our basic position. You will recall that we then decided that it would be worthwhile to retreat a short distance from our position of principle, in the hope of achieving our goal without having to resort to unilateral withdrawal of the Canadian delegation. We therefore proposed to the Indians a

---

[3] Approuvé par le Cabinet le 29 avril 1958 avec la recommandation supplémentaire que l'Inde soit avisée d'avance de l'action projetée du Canada.

Approved by Cabinet on April 29, 1958 with the added recommendation that India be notified in advance of Canada's intended action.

formula which would provide for adjournment of the Commission *sine die* with the provision that it could reconvene in consultation with the Royal Laotian Government and the Co-Chairman of the Geneva Conference, on the proposal of the Indian Government, if circumstances warranted this. The Indians rejected this formula on the grounds that it could lead to unnecessary delay and would indirectly give the Laotians and the Co-Chairmen authority to veto a meeting if an immediate meeting were considered necessary. Indian counter-proposals were unacceptable to us partly because they did not take cognizance of the position of the Royal Laotian Government. After further discussion, however, it appeared that the Indians would accept a formula providing simply for "adjournment of the Commission *sine die*." When we agreed to this, we informed the Indians by an Aide-Mémoire that we assumed that any action to reconvene the Commission would be preceded by consultation with the other two Supervisory Powers, and hoped that they would take into account the wishes of the Royal Laotian Government; we also stated that for our part we should feel obliged to do so. In the end, because of "unexpected Polish opposition" and because our Aide-Mémoire was taken to mean that "what appeared on the surface to be simple adjournment in fact amounted to virtual dissolution," the Indian Government found itself unable to accept unqualified adjournment.

3. The Indians now want our agreement to adjourn *sine die* with the express provision that the Commission could be reconvened "in accordance with normal procedures," since they insist on something which, so far as they are concerned, carries at least a theoretical implication that the Commission could be reconvened. It is possible that the Poles would also agree to this formula; if they did the Commission would adjourn and the Indians would name a representative in Delhi to whom interested parties could write requesting reconvening of the Commission. We have told the Indians that this would be unacceptable to us if it were taken to imply an obligation to meet at the request of a single member — or, for that matter, otherwise than as a result of unanimous agreement.

4. Our High Commissioner in Delhi has informed us that this represents the final Indian position and he has urged us to give serious consideration to the possibility of accepting it. He has pointed out quite accurately that we would have an effective veto in that we could always refuse to appoint a member to attend a meeting of the Commission if we did not believe the circumstances warranted it.

5. If we were to accept the Indian proposal we should, I think, have to make it clear in the Commission that we still consider the task of the Commission to be completed; that it is only with reluctance that we agree to adjournment instead of dissolution; and that we intend to exercise our veto unless convinced that a meeting is necessary and not an infringement of Laotian sovereignty. This, in turn, might make adjournment unacceptable to the Poles.

6. However we qualify our agreement to adjourn on this basis we shall have accepted the principle that the Commission *might* conceivably have some future function, thereby making it perhaps more difficult to explain a refusal to re-convene than to justify unilateral withdrawal now on general grounds. For example, when an issue is raised involving alleged infractions of the Geneva Agreements, our refusal to appoint a member for a Commission meeting would probably leave us open to the accusation that our action was motivated primarily by a desire to protect the Royal Laotian Government (or the United States Government; if they were involved).

7. Another possible danger in the present compromise is that it might be interpreted in certain quarters as capitulation to the Polish (and Indian) position, and thus have an unfortunate effect on our future bargaining position on other issues in the Commission in

Vietnam. On the other hand, it is possible that by compromising now we should, in the long run, improve our chances of continued cooperation with the Indians elsewhere, and any appearance of "capitulation" would only acquire substance if in fact we should find it inadvisable to block a re-convening of the Commission at some later stage.

8. On balance the advantages of avoiding an open break with Delhi over this issue and achieving a substantial part of our objective (removal of the Commission from Laos and putting it out of action as a functioning body) probably outweigh the disadvantages of what may turn out to be merely postponing a difficult decision until a later day when it may be more difficult to justify than it would be now. In the circumstances I would therefore recommend that we agree to accept the Indian formula as an amendment in the Commission to our own original proposal, making it clear to the Indians beforehand that our conditions for a revival of Commission activities still stand and that our position will be stated for the Commission record.[4]

J.W. H[OLMES]
for Under-Secretary of State
for External Affairs

---

391. DEA/50052-B-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET [Ottawa], July 10, 1958

LAOS COMMISSION

You will recall that the Indians suggested a formula for the adjournment of the Commission *sine die* with provision for reconvening the Commission in accordance with normal procedures. You agreed to our recommendation of July 4 that we accept the Indian formula as an amendment, making it clear to the Indians beforehand that our conditions for a revival of Commission activities still stand and that our position will be stated for the Commission record.

2. We informed Delhi and our Commissioner in Laos of this, and the Indians have now told us that their Commissioner will be instructed to cooperate in this arrangement.

3. The attached telegram,[5] for your signature if you concur,[6] provides final instructions for our Commissioner in Laos. The Indians think there is a possibility that the Poles will accept their formula, and have promised to urge them to do so. If, however, the Poles reject the principle of adjournment, our Commissioner is instructed to announce that he will withdraw the Canadian Delegation from Laos, since all possibilities of reaching agreement within the Commission will have apparently been exhausted and to say that any further

---

[4] Note marginale :/Marginal note:
OK. S.E. S[mith]

[5] Voir le document suivant./See the next document.

[6] Note marginale :/Marginal note:
Signed & sent July 11.

discussion about the future of the Commission should be carried on among the three supervisory powers. The Indians have been told that this is our intention.

J. L[ÉGER]

---

392. DEA/50052-B-40

Le secrétaire d'État aux Affaires extérieures
au commissaire de la Commission internationale de surveillance pour le Laos
et au haut-commissaire en Inde

Secretary of State for External Affairs
to Commissioner, International Supervisory Commission for Laos
and to High Commissioner in India

TELEGRAM Y-251 Ottawa, July 11, 1958

SECRET. EMERGENCY.

Reference: Our Tels. Y-248† and 249† of July 9 and Delhi Tel 273† of July 10.
Repeat London, Washington, Paris, Saigon, Phnom Penh (OpImmediate) (Information).
By Bag Wellington, Canberra, Berne, Stockholm, Moscow, Warsaw, Kuala Lumpur.

LAOS COMMISSION

You should now request an immediate meeting of the Commission and introduce the resolution for adjournment *sine die.*

2. It occurs to us that if any mention of the co-chairmen is made in the resolution the Poles may suggest that discussion on adjournment should await action by the co-chairmen, who are now meeting. You should therefore delete references to co-chairmen contained in the formula given in paragraph 1 of our telegram Y-222,† which should be amended to read, Begins: Adjournment of the Laos Commission *sine die* with the provision that the Commission, in consultation with the Royal Laotian Government, may reconvene on the proposal of the government responsible for appointing the Chairman of the Commission, i.e. the Government of India, if circumstances warrant. Ends. If suggestions are nevertheless made that Commission action should await the outcome of the co-chairmen's meeting in London, you should refute them on the grounds that the Commission is competent to and should take the necessary decisions itself.

3. Our telegram 249 contained instructions as to the line of argument you should adopt. If the Pole requests postponement to enable him to obtain instructions you should not oppose a few days delay for this purpose. Should the question of consulting the other commissions be raised you should oppose it, on the grounds that Article 39 is not relevant. If it is pressed, however, you could agree that the other commissions might be notified about the intended adjournment. If any variation from the adjournment formula as amended by the Indians, to which we have agreed, emerges from the discussion, you should report it to us immediately and await further instructions. If the adjournment principle is rejected by the Poles you should make an announcement to the effect that all possibilities of reaching agreement within the Commission have apparently been exhausted; that in these circumstances you are under instructions to withdraw the Canadian Delegation from Laos; and that any further discussion regarding the future of the Commission should be carried on among the three supervisory powers.

4. In the event that you have to announce withdrawal of our delegation, you should make some observations along the following lines:

We are convinced that the International Supervisory Commission for Laos has made a distinct contribution to peace in Indochina and we are gratified that the cooperation of the three delegations, under Indian Chairmanship, has made this possible. We are sure that cooperation to the same purpose will be maintained in Vietnam, where there is a continuing need for an International Supervisory Commission, and we for our part are determined to do our best to ensure that it is. We have already stated in the Commission the reasons why we are firmly of the opinion that the International Commission should now leave Laos, having accomplished the tasks allotted to it and in accordance with the request of the Laotian Government. We have sincerely tried over a long period of time to reach agreement in the Commission on the terms under which the Commission should withdraw from Laos. With equal sincerity we regret that this has not been possible.

SIDNEY SMITH

---

393. DEA/50052-B-40

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

TELEGRAM 134 Vientiane, July 14, 1958

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tel Y-251 Jul 11.
Repeat New Delhi, Washington, Paris (OpImmediate) from Ottawa (Information).
By Bag Saigon, Phnom Penh from Vientiane.

LAOS — ADJOURNMENT

1. Your instructions received yesterday and meeting held last night. Procedure, as we planned, was that I introduced resolution as worded paragraph 2 your reference telegram, Ansari proposed his amendment, and I agreed to accept it. Summary of statements in following telegram.†

2. Dembowski, Polish Chargé, simply asked time to seek instructions. Ansari pointed out that because of local attitude towards the Commission and difficult administrative problems created by withdrawal of RLG, it is most important Poles act promptly. He asked Dembowski to request Warsaw for a reply in three or four days and at the latest by Thursday July 17. He noted the Poles have already been considering agreed formula for at least a week now.

3. Dembowski suggested Ansari was pressing too hard and that some time "might be needed for a reply". In view of this and in light of Malik's comments at London (paragraph 5 London telegram 3071 July 9†) it appears that Poles will delay as long as possible their reply and, consequently, the departure of Commission from Laos. If they are allowed to do so, and domestic troubles (our letter 190 June 18† and telegram 131 July 9†) become aggravated, Poles, with cooperation of Neo Lao Haksat, might try to involve Commission in internal matters and to persuade Indians to change their position on adjournment. Furthermore, as elections were validated last Saturday, we can undoubtedly expect further pressure from the Laotian Government to withdraw, and, perhaps, an intensification of popular feelings against the Commission.

4. I think, therefore, it is important we decide now a firm date for withdrawal of our delegation if the Poles delay their answer. I would recommend that this date be not repeat not later than Saturday, July 19, by which time Poles would have had two weeks to consider the Indian-Canadian compromise formula.

5. As your emergency reference telegram took three days, please send final instructions via British.

[W.G.M.] OLIVIER

---

394. DEA/50052-B-40

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

TELEGRAM 144 Vientiane, July 20, 1958

CONFIDENTIAL. PRIORITY.

Repeat Delhi, London, Paris, Washington from Ottawa (Information).
By Bag Warsaw from London, Saigon, Phnom Penh from Vientiane.

LAOS COMMISSION ADJOURNMENT

1. When the meeting[7] opened Ansari asked Bolkowiak[8] if he wished to comment on the Canadian-Indian adjournment formula. The Pole said he wished clarification on two points: (a) Did the Government of India intend to nominate "a President of the Commission" after adjournment? and (b) Did the Government of India understand by "normal procedures" that in case of necessity the President of the Commission may, on his own initiative or at the suggestion of one of the members of the Commission, convene a meeting?

2. Ansari said "Yes to both questions." Although I (felt?) this was his unequivocal answer which differs somewhat from Delhi's interpretation, (Delhi telegram 285 July 17†) I made no repeat no comment as our position had already been placed on record and I did not repeat not wish to be drawn into what might have been a lengthy debate.

3. Bolkowiak then made a lengthy and eloquent plea for more time. He said he was expecting instructions from Warsaw at any time and that he was sure his government would accept compromise formula. He recalled that the Polish Government had accepted the Indian proposal for an embryonic commission which, he said, was very close to the present formula. Ansari, for once firm, said it was impossible to postpone a decision any longer. He reviewed in some detail the long history of the negotiations on dissolution,

---

[7] Cette réunion a eu lieu le 19 juillet 1958.
This meeting was held on July 19, 1958.

[8] Gustav Bolkowiak est arrivé à Vientiane le 14 juillet 1958 pour remplir les fonctions de représentant polonais auprès de la Commission. Comme il voyageait sans visa, il a été frappé d'expulsion par le gouvernement laotien, mais on lui a permis de demeurer au pays jusqu'à la réunion d'ajournement de la Commission.

Gustav Bolkowiak arrived in Vientiane on July 14, 1958 to act as the Polish representative on the Commission. Travelling without a visa, he was ordered expelled by the Laotian Government but allowed to remain in the country until the meeting to adjourn the Commission had been held.

pointed out that Chanachowicz had been informed on June 28 of the original Canadian proposal for adjournment and of the Indian amendment, and said that the Poles had already had more than enough time to adopt a position. Asked to comment I made a brief statement in support of the Chairman.

4. Ansari and I then voted on the resolution, Bolkowiak not repeat not voting. He then made another strong plea for additional time. Ansari finally agreed that if the Pole received instructions before 10 p.m. Sunday he would agree that the Polish decision could be placed on the record although in no repeat no case would he call a meeting. I saw no repeat no objection to this, especially since it might give us the unanimous vote we had hoped for.[9]

5. Off the record, Bolkowiak described in detail his present difficulties with the Laotian Government and asked Ansari whether the Commission could not repeat not intercede with the Laotians on his behalf. Ansari (who yesterday told the Prime Minister he did not repeat not care what the Laotian Government did so long as they waited until after he had left) agreed that this was a very serious matter, so serious indeed that it should be dealt with at the Government level and not repeat not by the Commission. In fact, (he?) made a long statement saying nothing quite eloquently. The Government still plans to expel Bolkowiak.

6. General Bal, Alternate Delegate here, has been named to the same position in the Saigon Commission, the present alternate there to be appointed as Chief of Staff. We believe that General Bal will be the person nominated to receive communications about the Laos Commission. It looks as though Bolkowiak is right and that the formula we have adopted is, in fact, very close to the Indian proposal for an embryonic commission.

[W.G.M.] OLIVIER

SECTION B

VIETNAM

395. DEA/50052-A-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au commissaire de la Commission internationale de surveillance pour le Vietnam

Acting Under-Secretary of State for External Affairs to Commissioner, International Supervisory Commission for Vietnam

LETTER NO. Y-166 Ottawa, August 5, 1957

CONFIDENTIAL

REDUCTION OF COMMISSION PERSONNEL

For more than a year we have been applying ourselves to the problem of reducing our commitments in Indo-China. Largely as a result of Canadian initiative, the activities of the Commission in Cambodia have been reduced to a point where only the final step of withdrawing the Commission remains. In Laos the political situation is rather unsettled at the moment but we hope we will be able to convince the Indians of the desirability of eliminating some of the southern teams. However, our commitments in Laos are considerably smaller than those in Vietnam and we believe that the Vietnam Commission should be the first target for an all-out effort to economize.

---

[9] Le 20 juillet 1958, Bolkowiak a remis une déclaration écrite à Ansari déclarant l'opposition officielle de la Pologne à la résolution d'ajournement *sine die*.

On July 20, 1958, Bolkowiak submitted a written statement to Ansari declaring Poland's official opposition to the resolution to adjourn *sine die*.

2. The expenditure of personnel and money involved in our participation in the International Commission has become increasingly burdensome and our efforts to effect reductions have resulted in little more than periodic hopes that the Indians plan to do something about the situation. Admittedly, some steps have been taken to reduce expenditures; the tightening up in the use of Commission transport is the main example of this. In addition, the Indians have modified the communications arrangements in Vietnam so as to release a number of Indian Signals personnel from their duties. However, although these steps have eased the burden on the Common Pool and on India, they have not done anything to improve the Canadian position.

3. Some arguments can be made for maintaining the Commission in Vietnam in its present form. It is true that the Commission's job of policing North Vietnam is facilitated by having the full number of teams operating. However, the teams are so restricted in their operations that it is fairly easy for the North Vietnamese to evade control and any adverse criticism that might result from effective Commission control. Because of the nature of the borders being controlled by the Commission, supervision in South Vietnam tends to be more effective than that in the North, and South Vietnam therefore comes in for the larger share of criticism.

4. Canadian team members do provide useful intelligence information about an area in which the Western intelligence net is not very highly developed. However, the restrictions imposed on teams by the North Vietnamese reduce the value of this activity considerably. As we mentioned in our letter under reference,[10] DMI does not envisage that any serious effects would result from a reduction in the number of teams.

5. Finally, there is the risk that any drastic move on our part to reduce commitments in Vietnam might disrupt the existing arrangements and jeopardize the maintenance of peace in Vietnam and in Indo-China as a whole. It is of course difficult to estimate accurately the effect of any attempt on our part to force the issue. It is quite clear, however, that our desire to reduce commitments in Vietnam is shared by a number of our friends. The United Kingdom has indicated that it favours a reduction, although apparently it has not given detailed consideration to the procedure which should be followed. France is very concerned about the continuous financial drain represented by the Commissions. South Vietnam has no objection to the presence of the Commission but would be happier if the Commission restricted itself to supervision of the demilitarized zones and the demarcation line.

6. It would appear that North Vietnam, China and the USSR are in favour of maintaining the Commission at its present level. Probably they fear that any major change in the framework established by the Geneva Agreements would weaken their legal stand about the final unification of Vietnam and, what to them is concomitant, the absorption of South Vietnam by the communists. They also know that the tactics of North Vietnam have largely protected it from adverse criticism without interfering with its military build-up, while the honesty (or ineptness) of the South has placed it in a less fortunate position.

---

[10] Ce document ne contient pas de numéro de lettre de référence.
This document contains no reference letter number.

7. It seems clear that Canadian interests would be served by a reduction of Commission personnel in Vietnam. The reduction of teams would not affect appreciably the effectiveness of a control system which, we are convinced, is not very effective anyway. However, we have an interest in maintaining the *status quo* in the area and it would not serve our purposes to go about the problem in a way which would threaten to rupture the whole fabric of the Cease-Fire Agreement.

8. If we are to accomplish our goal with as little disruption as possible, we require the co-operation of the Indians. Mr. Kaul, as long ago as last February, indicated that he and his Government were interested in effecting economies and reducing activities.[11] Mr. Desai also said in February that a reduction in the Commission's activities was desirable, not only on financial grounds but also in view of the changed circumstances. Mr. Mitra said in March that Kaul was empowered to make a number of reductions himself and stated that the Indian Defence Ministry was applying pressure to reduce the size of the Indian military establishment in Indo-China.

9. If we take these statements at their face value we can assume that Indian desires coincide with our own. However, the Indians appear to be drifting along with the present arrangements, and in our opinion the time has now come when we should make a strong effort to cut down on commitments. We have been discussing the problems with the Indians for many months and so far there have been no results. This would appear to be an appropriate time to indicate to them in no uncertain terms that we are very concerned about the problem, and that we want to reduce our commitments substantially and as soon as possible. We do not wish to endanger the peace in Indo-China but we do believe quite strongly that a reduction in teams and in personnel would make the size of the Commission more consistent with the usefulness of the role it can perform under present circumstances.

10. The job of the Commission and the magnitude of its duties should remain fairly constant from now on. The line up of countries in favour of reduction and against also will remain constant; therefore, there seems to be little advantage in postponing our move until circumstances change; conditions probably will not become more favourable in the foreseeable future and our determination to reduce commitments may as well be clearly stated now.

11. Our general line of attack, it seems to us, should be first of all a direct approach to Kaul, emphasizing the seriousness with which we view the situation. The new Government is applying itself to finding ways of effecting economies, and reducing our commitments in Vietnam is one aspect of this programme. Kaul himself has indicated quite clearly his intention to reduce the size of the Commission and more than five months have elapsed without any concrete steps being taken. If Kaul refuses to co-operate in the necessary action, then we could consider a more direct approach to the Indians in New Delhi. Of course, we do not wish to appear intransigent to the Indians and we would like to have their co-operation in this move. However, they should recognize our concern, and attempt to meet our desire to cut commitments down to an acceptable level.

12. It is one of the unhappy facts of life that the reduction in personnel probably would result in a reduction in the supervision exercised by the Commission. However, this does not necessarily mean that the effectiveness of the Commission would also be reduced. We would be quite happy to see a number of teams in South Vietnam abolished but naturally we would be unhappy about the reduction of Commission activities in North Vietnam which would be necessary. However, having accepted the necessity of reducing our com-

---

[11] Voir volume 23, les documents 684, 687 et 688./See Volume 23, Documents 684, 687 and 688.

mitments we have no choice but to resign ourselves to the fact that teams will have to be decreased in size, and, soon after that, in number. It is a situation in which we have to weigh the advantages of the present strength of Commission teams against our financial and personnel requirements. The latter seem more important.

13. Perhaps you already have approached Kaul on the subjects we raised in our letter under reference. In any event, it would be very useful to us to have as soon as possible a clear picture of Kaul's thinking on the general problem of reduction. If he sympathizes with our position, and if he intends to follow up the plans he mentioned in February, then we shall have to determine the best way of carrying out reductions.

14. You have made very clear a number of times our dissatisfaction with the effectiveness of control, particularly in the North. However, perhaps in the near future we should formally put our general position on record. This would serve as a foundation for our campaign to reduce Commission machinery, and would indicate that in advocating reduction, we are not trying to reduce the effectiveness of control but only trying to bring the commitments of the Commission down to a scale more commensurate with the job which in fact is being done. However, we would like to have your views before going ahead with this.

15. We would like to have your views about the usefulness of the various teams and the priority each of them should have in any reduction scheme. We think Ba Ngoi and Muong Sen would be a gentle beginning which would serve to resolve the legal question of reduction within the terms of the Agreement, without getting any Delegation involved in defending the maintenance of a team to which it is particularly attached.

16. An opportunity may arise for agreeing with the Poles that the mobile team at Loc Ninh no longer serves a useful purpose. We may again have occasion to refuse to provide a member for the Phuc Hoa team. Our justification of such an action would at the same time reinforce our argument that no purpose is served by maintaining the complete machinery of the Commission as long as it is unable to perform all the functions for which it exists.

17. Once we have a clear idea of the Indian position, however, probably the first step of our campaign should be to press for the reduction in size of the six-man teams, excluding of course, Saigon and Haiphong.

18. We should appreciate your comments on the various aspects of the problem, and particularly on

(a) the order of priority to be followed in any reduction plan, and

(b) the form in which we should make our statement of principle about the ineffectiveness of control.

The key to the problem, of course, lies with Indian policy on the subject, and the lengths to which they are prepared to go in meeting our position.

J.W. HOLMES

396. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

DESPATCH NO. 233 Saigon, August 29, 1957

CONFIDENTIAL

Reference: Your letters Y-166 of Aug 5, Y-150 of July 26,† Y-146 of July 5,† and Y-141 of June 26.†

REDUCTION OF VIETNAM COMMISSION

Your letter Y-166 discusses the problem of reduction of Canadian personnel serving on the Vietnam Commission. I am well aware of the desire and the need to effect economies in both monies and in personnel, and it might be useful if I were to outline briefly what has happened in this regard in the last five months, what we are now doing and, finally, what I think we can accomplish in the future. Before going any further, I feel that it is necessary to separate the two problems, i.e. economies in money and economies in personnel as, while they are necessarily linked together, they require different handling in our dealings with the Commission.

2. There is no doubt that some money could be saved without reducing personnel but, generally speaking, the money spent both in the local expenses account and in the common pool account is a factor of the strength of the Commission. As you know, we do not contribute either to local expenses or to common pool expenses and such arguments as we have advanced from time to time on the need for us to effect economies in money have not received too sympathetic a hearing. On the other hand, some of the countries which do contribute to the local expenses or the common pool or both, in particular France and the United Kingdom, have already emphasized the money-saving aspect and no doubt will continue to do so.[12] We gather from the Indian Comptroller of the three Commissions that the French credit from past payments will be exhausted in two or three months, and as the French Assembly will presumably not vote any more money, the French authorities will be in a difficult position and will doubtless exert strong pressure for reducing expenses. The British will, in all probability, support the French approach. On the other hand, we have no reason to believe that the Soviet Union and China[13] will offer any objections to the continued payment of Commission expenditures and, therefore, it is difficult to foresee just how far arguments on the need to effect economies in money will take us towards our goal. It would, however, seem best to leave the argument for reducing expenditures to those who are carrying the main burden in this regard; such arguments would not come too well from us, for not only do we spend less money on the Commission, but we are, of the countries concerned, probably in the best position to pay. It might be best for us to concentrate on the personnel aspects of the problem, hoping, while so doing, to be able to obtain some

---

[12] Note marginale :/Marginal note:
Some voice needed on Commissions perhaps. [J.W. Holmes]

[13] Note marginale :/Marginal note:
Vientiane's comment [J.W. Holmes]

benefits in support from the financial discussions which would be progressing at the same time.

3. If the above approach is accepted, it then becomes a problem of discovering how we can best advance our arguments for reducing our personnel commitments in Vietnam, and it might be well to review briefly what has happened since March of this year. On my arrival, the Acting Commissioner had commenced discussion with Mr. Kaul on reduction of Commission personnel and, at that time, it had been more or less agreed that some reduction was necessary and desirable and that, as far as could be judged, such reductions would have to be confined to those which could be made either by the Delegations independently, or by the Commission on its own authority. It was felt at that time that the Polish Delegation would oppose any reductions which involved alterations in the fabric of the Cease-Fire Agreement. Out of these discussions, the three-phase, so-called Kaul Plan evolved. This included:

(a) a reduction in signals communications, both in facilities and in personnel;[14]

(b) a reduction in transport requirements, particularly for air transport in South Vietnam, and[15]

(c) a reduction in those teams which were at present manned by two officers per delegation.[16]

Also, at this time it was generally agreed that once these three phases had been accomplished and the proper atmosphere had been created, means would be sought whereby further reductions could be effected.

4. Since then, phases (a) and (b) have been completed and, in March, the Indians, as agreed, tabled in the Commission their proposal for reducing the strength of eight fixed teams from six officers to three officers. At the very moment when it appeared that we would be able to get on with the third phase of the reduction plan, we found ourselves faced with the problems brought about by the Cannon murder,[17] and these occupied us for the better part of the month of April and early May. The second half of May, June and the first days of July were concerned with the Seventh Interim Report.[18] We concentrated on the Report in this period to the exclusion of almost all other business. A few days after the Report was signed, Mr. Kaul left for India and he is due back early in September. We might have tried to proceed with reduction in Mr. Kaul's absence, but nobody else in the Indian Delegation has the authority to deal with an issue like this and our chances of making any progress were exceedingly slim. Further to this, our chances for making progress depend, as before, to a large extent on Mr. Kaul's attitude and cooperation and we do not know, nor can we guess, what direction he will take following his return from discussions with his people in New Delhi. It seemed best, therefore, to prepare ourselves for taking the

---

[14] Note marginale :/Marginal note:
reduction in Indian expenses = increases in expenses of parties [J.W. Holmes]

[15] Note marginale :/Marginal note:
Expenses of parties [J.W. Holmes]

[16] Note marginale :/Marginal note:
Reduction of IC personnel [J.W. Holmes]

[17] Lucien Cannon était un membre de la délégation canadienne de la CISC à Saigon. Il a été assassiné le 12 avril 1957.
Lucien Cannon was a member of the Canadian ICSC based in Saigon. He was murdered on April 12, 1957.

[18] Voir/See United Kingdom, Parliamentary Papers, Cmnd. 335, *Seventh Interim Report of the International Commission for Supervision and Control in Viet-Nam, 1 August, 1956 to 30 April, 1957*, London: Her Majesty's Stationery Office, 1957.

matter up with him on his return. It is our hope that his attitude towards reduction will be favourable and it is our intention to attempt to recreate the atmosphere that existed upon his arrival in February last, at which date, you will recall, he showed every inclination to attempt to effect a fairly rapid run-down.

5. It would, perhaps, be useful now to outline our views on this matter, and to give you an indication of how we intend to proceed. First of all, there are two approaches to the problem of bringing about a reduction in the number of personnel. One way is to attempt to eliminate certain functions of the Commission and proceed on the basis that once the function is eliminated, the need for the personnel disappears. The other is to attempt to leave the functions as they are but, by reducing the scope of the functions, create a situation whereby the remaining aspects of the functions can be performed with fewer personnel. We favour the latter approach on the basis that any attempt to eliminate functions immediately brings into play the question of making alterations to the Agreement itself; such an approach is bound to draw considerable opposition from the Polish Delegation and from the Government of the Democratic Republic of Vietnam. Further to this, there is every indication that the Indians would not favour this method of approach. Thus, I plan to attempt to effect reductions in personnel without altering any of the provisions of the Agreement.

6. The establishment of the Canadian Delegation is made up of three parts:

(a) that part which is provided specifically to fill various appointments required by the Agreement, i.e. team officers;

(b) that part which is designed to fill appointments created by the Commission's needs, i.e. Commissioners, political officers, staff officers, etc., and

(c) that part which is designed to provide the administrative backing necessary for the support of the Delegation.

Of the total of eighty-three military and fifteen External Affairs personnel in Vietnam, only about twenty-eight officers are now employed on team duties, and it is only with regard to these appointments, which are prescribed by the Agreement, that we need a Commission decision to make any reduction. We can reduce, augment or alter the remainder of our establishment at our own convenience; obviously there is an interrelationship between the functions of the Delegation, the number of officers on team duty and the size of the administrative component necessary for maintenance. In other words, there is an irreducible minimum.

7. Our establishment is further divided into two parts:

(a) that portion provided by the Department of External Affairs, and

(b) that portion provided by the Department of National Defence.

8. With regard to the External Affairs staff in Vietnam, there is no Commission requirement for us to have a given number of persons at Hanoi or Saigon. We have, indeed, reduced our External Affairs officer staff by two in the past year and the stenographers by one; the reduction from the peak numbers of the early days of the Commission is considerably greater. The reduction of our External Affairs staff has been achieved partly[19] by the assumption by the military component of responsibilities previously discharged by External Affairs officers. With regard to our External Affairs staff, we could consider, if it

---

[19] Note marginale :/Marginal note:
? Not very much [J.W. Holmes]

is desirable, a reduction of one or two more, but as we have made reductions recently, I would prefer to postpone consideration of this for several months.

9. This leaves us, then, with the military component. Here, again, there are two categories:

(a) those appointments which are provided to fill the requirements set out in the Agreement, and

(b) those appointments which are designed to support the Delegation.

While the two are somewhat interdependent, that portion of the military establishment which is designed to support the Delegation can be reduced by the Department of National Defence, either in ranks or in numbers, or a combination of the two, if it sees fit to do so. We would regard this as basically an internal National Defence matter suitable to be taken up through military channels, and there has already been some correspondence in this regard. Obviously it would be desirable, in view of our responsibility for the Commission as a whole, that reductions in the administrative part of the military component be coordinated between the two Departments.[20]

10. Thus, it will be seen that there are two approaches: first, those reductions which can be made to our existing establishments and which are the sole concern of the Canadian Government and, secondly, those which are provided to meet the requirements of the Agreement and for which we must seek Commission concurrence. As was mentioned before, the two problems are somewhat inter-related but this much can be done:

(a) the reduction of the existing establishment to the minimum required to continue operations, and

(b) a possible further reduction depending upon our success in the Commission. If our efforts in the Commission meet with success, this reduction would take two forms: first, the elimination of specific team officer appointments and, secondly, a small, administrative saving which would come about as a result.

Thus, we might define our present goal, in so far as Commission decisions are required, as a substantial reduction of team officers from, say, the present total of twenty-eight to about sixteen; at the same time, we would undertake a study as to what savings could be effected in the rest of our establishment.

11. The remainder of this letter will be devoted to describing how I plan to approach the problem of reducing the number of team officers. As I see our position, we want a substantial reduction of military personnel and our reason for this is that, in the light of our experience over the past year, we are persuaded that equivalent functions could be carried out by fewer officers and, further, that these officers would be better employed elsewhere.

12. As to timing, it would appear to be based upon the rotation of military personnel. We have just completed one rotation and the next one would normally start in July, 1958. Thus, it would appear desirable to bring about such reductions as we can in sufficient time to allow the Department of National Defence to make firm plans for their next year's commitments for the Indochina Commissions. Further to this, we have a certain number of officers who arrived, as it were, in mid-term and it would be desirable, if it is possible, to bring about any reductions we could and thus eliminate the necessity of replacing these mid-term officers. It is reasonable to assume that the same arguments apply to the rotation of Indian personnel and, as far as we know, their next rotation will commence about

---

[20] Note marginale :/Marginal note:
Yes [J.W. Holmes]

March, 1958, and if the Indian Army is interested in seeking to reduce its commitment in Vietnam, this should be reflected in the attitude of the Indian Delegation fairly soon.

13. I would suggest that our approach to the reduction of Canadian military personnel be based on the fact that the Commission is now entering its fourth year, with no prospect of early winding up, and that it was originally set up for two years. Thus, the experience of the past three years in operating under the Agreement, together with changing conditions in Vietnam, should provide possibilities of reducing the number of team personnel, while still performing the functions set out in the Agreement. The teams have, under the Agreement, the following four principal remaining functions:

(a) control over the arrival and departure of military personnel and war material at the authorized points of entry;

(b) patrolling the land and sea frontiers of Vietnam;

(c) supervision of the Demarcation Line and the Demilitarized Zone;

(d) special reconnaissances, investigations and controls as decided upon by the Commission (including mobile teams on Article 14(c) etc.).

14. We might deal first with (c) and (d) as they are relatively simple matters. We will need a team indefinitely in the Demilitarized Zone. It may be possible later on to reduce its strength from six to three, but we would suggest that this should not be raised at present. As for the mobile teams for reconnaissances, investigations and control, these will probably become progressively less frequent as time goes by. We have never maintained a special pool of officers for these tasks, and accordingly we should continue to draw upon team or staff officers as in the past for these assignments.

15. Article 20 of the Agreement sets out the points of entry for rotation of personnel and replacement of war material. Articles 16 and 17 outline the procedure to be followed, and the rôle of the Commission teams is described in Articles 35 and 36. In addition to control of the arrival and departure of such military personnel and war material as is notified by the party concerned, the teams have a responsibility for "spot checking" unnotified cargo and cargo carriers. In North Vietnam, where the party has never notified the arrival or departure of any war material and where there have only been three or four notifications of arrival or departure of visiting military personnel, the main function of the teams has become that of spot checking. On the other hand, in the South where the traffic is immeasurably greater, the teams not only have to deal with cases of import or export which have been notified, but also the same spot checking activities as they perform in the North. For one reason or another, the South Vietnamese have never properly followed the notification procedures, but we have hopes of improvements in this matter in the next few months, and we will be reporting separately on this subject.

16. In the three years the Commission has been in operation, therefore, the fixed teams at the fourteen points of entry have spent most of their time on the spot checking aspects of their duties. The negative results they have drawn, together with the fact that neither party has been overly anxious to notify the Commission of such arrivals or departures, provides ample justification for proposing that the number of points of entry could be reduced without affecting the performance by the Commission of its duties under the Agreement. In your letter No. Y-141 of June 26th, you suggest a reduction of points of entry from fourteen to four. This would involve the parties being asked, where possible, to make arrivals and departures of personnel and material at the remaining specified points of entry.[21] No

---

[21] Note marginale :/Marginal note:
Amendment of CFA? How to pin down parties? [J.W. Holmes]

doubt some escape clause would have to be included to make arrivals or departures at any other point possible, if necessary; for example, the party could give seven days' notice in place of the two days' notice required by the Agreement to enable a team to control the movement.

17. Article 47 of the Agreement provides for the progressive reduction of the activities of the Commission. Article 35 provides that: "these points of location (of fixed teams) may, at a later date, be altered at the request of the Joint Commission, or of one of the parties, or of the International Commission itself by agreement between the International Commission and the command of the party concerned." We think it would be better to proceed under Article 35, which seems to cover this case specifically. Moreover, we would not want to call this operation "reducing the activities of the Commission," as provided under Article 46. We would want to argue that what is involved is simply an administrative arrangement to do the same job with fewer people. Under Article 35, we need the agreement of the party concerned and the Commission (which may act by majority).

18. The second main function of the teams is described in Article 36(d) of the Agreement: "Supervise at ports and airfields as well as along all frontiers of Viet-Nam the execution of the provisions of the agreement on the cessation of hostilities, regulating the introduction into the country of armed forces, military personnel and of all kinds of arms, munitions and war material." In Article 35, the zones of action of the mobile teams to perform these patrols are described, together with their rights in the zones of action and requirements for transport. Although the Agreement provides that the patrol function should be performed by mobile teams, and it does not mention where these mobile teams are to be located, the current standing instructions for teams provide that the patrols be done by the mobile elements of the fourteen fixed teams. Each of the fourteen fixed teams has certain specified patrols in these instructions, as well as its duty of control of arrival and departure of war materials which have been notified. If, however, the number of fixed teams was reduced from fourteen to two, the Commission might well alter the set-up for the mobile team patrols. Instead of having these patrols based on the existing fourteen points, they might be based on a much smaller number of points.[22]

19. In fact, the patrols are carried out much less frequently than the standing instructions provide. This is due to lack of transport, impassable road conditions, rulings by the party that the team cannot enter an area because of security conditions and, in South Vietnam, the refusal of the authorities to accept Commission rulings on the appropriate time notice to be given by the team to an LO before leaving for a patrol (see paragraphs 53 and 62 of the Seventh Interim Report). In the specific case of Phuc Hoa, the area is not covered because North Vietnam will not agree that the Commission has a right to station a mobile team there indefinitely.

20. Thus, many areas are uncovered and, generally speaking, the controls are not very effective. You have emphasized this ineffectiveness in your letter Y-166 and in other correspondence. In our view, we should argue that these patrols of the frontier should continue at roughly their present frequency and effectiveness, and that the instructions to teams should be modified accordingly. We think an attempt should be made to settle the matter of time notice restrictions with the South Vietnamese, and to iron out difficulties in both zones on transport.[23] This should be done, not in order to permit more frequent patrols than

---

[22] Note marginale :/Marginal note:
would parties agree to necessary freedom of movement? [J.W. Holmes]

[23] Note marginale :/Marginal note:
Any more chance of success now? [J.W. Holmes]

are now made, but simply in order to give the teams a greater freedom of movement.[24] As for Phuc Hoa, we should maintain the right of the Commission to place a mobile team anywhere in the zones of action it wants, for as long as it wants. It is essential to maintain this right of the Commission, even though we would expect to use it somewhat less as time goes by. Incidentally, the team in the Demilitarized Zone is a mobile team. If this is to be the general position, we doubt if it is desirable to keep emphasizing the ineffectiveness of the existing scheme of controls, because this leads either to an argument for making them effective, or to an argument for abolishing them.[25] We think that our line should be to maintain the patrols at roughly their present level, but to do so with many fewer team officers. We could envisage two or possibly three mobile teams in each zone, constantly on intermittent patrols and covering the whole frontier.[26] We think, incidentally, this would be at least as close to the sense of Article 35 as the existing arrangement.

21. The Indian proposal for reducing the strength of eight fixed teams from six officers to three officers was put forward in the Commission on March 19th, 1957, and it was decided that it should be discussed between Delegations. On May 15th, Mr. Prasad, with whom we deal in this matter, gave us, confidentially, a memorandum proposing a revision to the standing instructions for these teams, the effect of which was that control trips would be much less frequent than is now provided for. This matter has not since come on the Commission agenda.[27] We must decide now whether it is best to try to secure Commission action on this Indian proposal, or whether we should introduce or seek to persuade the Indians to introduce a proposal for the reduction of the points of entry from fourteen to two.

22. The Indian plan has the advantage that it was sponsored by the Indians and formally presented to the Commission some months ago. It offers the best prospect for early decision. The Indians have also proposed to revise the standing instructions for the eight teams along the lines we think suitable. On the other hand, it could be argued that the reduction of the points of entry logically precedes the reduction in the strength of terms, and would provide a good argument for the subsequent reduction of the strength of teams and, indeed, for a general reorganization of the teams. If the Indian proposal is adopted, there may be a tendency on the part of the Indians and Poles to say that that is all the Commission can do on reduction for the time being. Similarly, if we embark on a revision of the standing instructions for the eight teams, the Indians might be unwilling to contemplate, a month or two later, a general revision of the team structure. The important point, however, is not the procedure which seems most logical to us, but the procedure which is most likely to lead to early action by the Indians.

23. I will take this question up with Mr. Kaul soon after his return. I will suggest either proceeding with the Indian proposal or, alternatively, taking up the proposal for reduction in the points of entry. It would be best if the Indians continue to take the initiative in the Commission. If they are unwilling to take the initiative, or support one we take, then we must consider if we want to make an approach in New Delhi, or possibly table our own proposal in the Commission without Indian assurance of support. I presume that you would

---

[24] Note marginale :/Marginal note:
Surely this has always been the one thing denied to the IC by the parties. [J.W. Holmes]

[25] Note marginale :/Marginal note:
or for adjusting expenditures to match realities of situation. [J.W. Holmes]

[26] Note marginale :/Marginal note:
Would parties agree to this? [J.W. Holmes]

[27] Note marginale :/Marginal note:
have we this? [J.W. Holmes]

want to do this if the Indians show no willingness to take any early action, but I think it would be desirable to allow some weeks for informal discussions with the Indians before making clear in the Commission our differences on this subject.[28]

24. We have set out, in paragraph 13 above, our understanding of the remaining functions of the Commission's teams. One reason for doing so is that we have noticed, from time to time in some of the memoranda, a suggestion or implication that a number of the Commission's functions had ceased. In the memorandum of June 19th, 1957† for the Prime Minister, for example, the opening sentence of the section on Vietnam does not include the function of control on the arrival and departure of war materials and military personnel. In the letter of April 11th, 1957 to the Co-Chairmen about Article 14(c), the Commission reiterated, in paragraph 6, its determination to perform its duties with respect to all articles of the Agreement. It does not seem desirable, therefore, to give the impression that the function of control of arrival and departure of military personnel and war material has been given up. We also think that it is not in our interest to propose, at present, the giving up of this function. We feel that the Canadian personnel can be substantially reduced without raising this issue, and that we are unlikely to get any agreement with the Indians if we put forward proposals for giving up the Commission's functions.

25. In view of the curious report from London on Mr. Kaul's views on reduction, described in your letter Y-146 of July 5th, it may be useful to set out what we understand them to be. He has spoken off and on since his arrival in favour of "administrative" economies, but always provided that the economies should not prevent the Commission from carrying out the functions assigned it under the Agreement. This was the basis for the reduction of Indian Signals personnel and economies in air transport in South Vietnam which have already been made. Mr. Kaul made clear his attitude in the debate in the Commission on the letter to the Co-Chairmen on Article 14(c). In a statement on April 5th, he said that the Commission should not give up any of its functions because of the refusal of a party to cooperate, as South Vietnam had done on Article 14(c).

26. I would imagine that the Indians are likely to be quite firm in this attitude, particularly after the recent statements of policy by Messrs. Nehru and Krishna Menon, which are discussed in my despatch No. 204 of August 7th.† In these statements, the Indian leaders emphasized the need for continuation of the Commission, the possibilities of a new outbreak of hostilities, and the alleged introduction of U.S. arms into South Vietnam. Any proposal for eliminating a function would, therefore, be inclined to make the Indians bristle. In our view, if we can keep the discussion to the question of performing the same job with fewer people, we are more likely to achieve success.

27. The above, then, sets out the problem as we see it. To sum up briefly, we will undertake to examine our establishment, both military and civilian, and will, in due course, make such recommendations to you as we think can be effected without too greatly lowering our efficiency. At the same time, depending to some extent upon Mr. Kaul's attitude, I will press for urgent action on the reduction of as many team officers as is possible and, finally, once we know how many team officers we think we can eliminate, it may be possible to effect a further reduction in administrative personnel.

T. LEM. CARTER

---

[28] Note marginale :/Marginal note:
this depends on Kaul's attitude. Surely we have been kept on the hook long enough. [J.W. Holmes]

397. DEA/50052-A-11-40

Le commissaire de la Commission internationale de surveillance
pour le Vietnam
au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam,
to Under-Secretary of State for External Affairs

LETTER NO. 33 Hanoi, January 24, 1958

CONFIDENTIAL

Reference: Our Saigon Despatch No. 328 of Dec. 5/57.†

ARTICLE 17 — WAR MATERIAL CREDITS

Attached hereto is a copy of a report† on war materials, submitted by the Senior Military Advisers Committee concerning the South Vietnamese Mission's claims (Returns of Justification of Titles) and International Commission team reports for the period up to 1 July 1956. This report is the result of a study made by the SMAs as to what action should be taken on the returns submitted by both the SVM and IC teams for this period since the entries in the war materials register were not complete.

2. The study pointed up the fact that, during this period, the export of large amounts of war material were controlled by IC teams for which credit was not claimed by the French or SVN. The bulk of this war material was exported by the French Union Forces. It appeared that credits could be gained for the SVN since the principle so frequently stated by the Indians and the Poles, that control must have occurred before credit can be granted, had been met. In consequence, the procedure contained in the SMAs' report was evolved although only after considerable rather unsatisfactory redrafting of our original proposal by the Indians.

3. The problem arising from the legal interpretation of Article 17, (i.e., does 17(a) provide for a general right of replacement beyond the specific right of 17(b)), as outlined in our letter No. 139 dated 28 May 1957,† was not considered by the SMAs during their study. The Canadian SMA avoid this aspect since we have considered that it would be covered by the certificate requested from the SVM consequent to a decision taken at the 431st meeting of the IC held on 20 September 1957. In effect the SVM were requested to certify that the war materials specified in all the returns of Justification of Titles to date were "destroyed, used up, damaged or worn out after the cessation of hostilities." A satisfactory certificate has not, as yet, been received from the SVM.

4. The right of the SVN to replace war material exported by the French Union Forces is being questioned by the Polish Delegation. We are, therefore, almost certain to be involved in the legal interpretation of Articles 17(a) and 17(b) in our efforts to achieve credit for the SVN for the war materials exported by the FUF and which represent a considerable part of the equipment held in the South after the regrouping phase had been completed.

5. We consider that, if the SVN are awarded credit for the exports of war material which were controlled by IC teams during the withdrawal of the FUF, the work of the IC in supervising Article 17 will be brought into focus and much of the condemnatory action against the South will disappear. The Poles, of course, will resist such a course. It is also possible that refusal of credit for this war material may lead the South to repudiate Article 17 as they have Article 14(c). However, we are not aware of their policy in this regard.

6. It is our intention to try to have the SMA's report accepted without facing up to the legal interpretation of Article 17. However we consider that it is unlikely that the Indians will agree to such a course if the legal question is raised by the Poles. In consequence, it is possible that the case may develop adversely to the interests of the South. We shall keep you informed and seek instructions, if necessary.

T. LEM. CARTER

---

398. DEA/50052-A-11-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 43 Hanoi, February 7, 1958

CONFIDENTIAL

Reference: My Letter No. 36 of Jan. 31, 1958.†

WAR MATERIAL — ARTICLE 17 — PROCEDURES

I attach a copy of a paper† circulated to delegations on January 29 by the Indian delegation, which contains proposals on Article 17 procedures, additional to those circulated by the Indian delegation before. The earlier proposals were sent to you under cover of my letter no. 36. The further proposals cover instructions to the Secretariat and instructions to teams and a note for communication to the Party.

2. The Commission had a preliminary discussion on February 4 of the SMAs' report of January 15 on Justification of Titles and the various Indian proposals on Article 17 procedures. In preparation for this discussion I had prepared a draft letter, which I did not send to the Secretary-General. At the informal meeting, however, I spoke along the lines of this draft. I attach a copy† to give you an idea of how we think this whole subject should be handled. The main points I made can be summarized as follows:

(a) The Commission should give priority to establishing credits for the period up to January 1, 1958, and communicating these to the Party. Until this is done the Commission should take no further decisions on cases involving alleged reinforcement under Article 17.

(b) It is desirable to review the procedures for control of export, destruction and imports and afterwards the instructions to the Secretariat and instructions to teams, and procedures for dealing with complaints and other individual cases.

(c) The Commission should consult South Vietnam (the Party carrying out a replacement programme) before taking final decisions, particularly on control procedures.

2. Mr. Kaul said that he thought that procedures should be discussed with credits, and he did not agree to priority for determining past credits. He said that the procedures, particularly the instructions to teams, needed review. He was not very clear in commenting on my proposal that no decision should be taken on cases of alleged reinforcement under Article 17 until credits had been established, but he has shown sympathy towards this position in the past. He said that the Southern authorities should be consulted on these matters informally, and that his proposals were based on such previous consultations.

3. Mr. Goralski tabled the attached list of Preliminary Polish Amendments.† The Polish amendments emphasize the theme "No control — no credit" which has been a persistent Polish refrain. In the second place, they propose that imports without due advance notification would be considered as a violation of Article 17(b) (a substantive violation), whether the Party has established a credit or not. In other words, the Poles want to make a failure to follow the import procedure and, specifically, the "prior permission" procedure, equivalent to a substantive violation of Article 17. In his remarks, Mr. Goralski dwelt on the gaps in control in South Vietnam due to time notice restrictions and difficulties in specific areas. He said that under these circumstances the Commission could not be sure that their controls were effective.

4. It was decided to discuss the SMAs' report on Justification of Titles and the Indian proposals on March 4 when the Commission meetings resume in Saigon. In the meantime, we trust that the South Vietnamese letter, of which we sent you a draft under cover of our letter no. 36, will be despatched to the Commission. In this case the Commission will be able to discuss the main Article 17 issues with a statement of the Southern position and a statement of the Indian position before it. We regard this as a desirable development, because we think it should show whether the differences between the Indians and the South Vietnamese on Article 17 are fundamental or not, and whether there is a possibility of reconciling them. We would, of course, encourage both sides to show flexible attitude.

5. In the last few days Brigadier Bishop has discussed recent developments in the Commission with Colonel Nam and officers of the United States Embassy in Saigon. He has given them our reactions to the South Vietnamese draft letter.

6. The South Vietnamese plan to claim credit for the military equipment taken out by the French Union Forces. As we have pointed out in our letter No. 33 of January 24, the South Vietnamese will apparently claim that Article 17(a) provides for a general right of replacement beyond the specific right set out in Article 17(b). They would claim the right of replacement for the French material which was exported, but which was not "destroyed, damaged, worn out or used up" first (Article 17(b)). The Indians have not yet taken a firm position on this question. Their past legal opinion (see our letter No. 139 of May 28, 1957)† may lead them to oppose the South Vietnamese claim. Mr. Kaul has indicated that he might do so. Pending instructions from you, we will support the South Vietnamese claim. We would ask you to make a fresh examination of the legal arguments referred to in our letter No. 139 of May 28, 1957, and to the Legal Division opinion of September 13, 1956,† and to give us your views.

7. If the South Vietnamese are given a fair deal on past credits, we hope that an understanding can be reached on import procedures and specifically on "prior permission." As we see it, it is a question of finding a formula which provides for checking the credit entries in the War Material Registry before imports take place, without involving the "sovereign right" of South Vietnam to conduct its own import programme.

8. We have not yet made a careful comparison of the Indian procedural proposals with Protocol 23 and letter 4352 of October 15, 1956.† One preliminary comment relates to the "procedure for ejection." Protocol 23 mentions ejection (para 11) but there is nothing on it in the Agreement. Now we are asked to approve a procedure and a proforma. Our reaction is that we should oppose this proposal as going beyond the Agreement. However, you will see that the South Vietnamese draft letter treats Protocol 23 as a binding document. We will be guided in our attitude to ejection and other Protocol 23 provisions by the text of the South Vietnamese letter in final form. Our present disposition is to argue that the new

procedures need not go beyond Protocol 23 on ejection. We would, in any case, make a reservation on our interpretation of the binding character of Protocol 23.

T. LEM. CARTER

---

399. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 33 Saigon, February 15, 1958

CONFIDENTIAL

REORGANIZATION OF TEAM STRUCTURE

Consequent to your Y-47† and Y-50† of February 5 and 7 respectively, our proposal concerning reorganization of team structure has been re-drafted. A copy of the revised draft is attached hereto. You will note that the proposal is now in very general terms avoiding specific reference to ways and means of carrying out controls. Also we have not indicated whether the reorganization be implemented under Articles 35 or 46.

2. A copy of the revised proposal was passed to Mr. Kaul informally yesterday. At that time, I stated that we intend to table our proposal at an early date but would like to be informed of his views before preparing our final paper.

3. Mr. Kaul gave me the impression that he was not very optimistic about any reduction plan receiving Polish support at this time, although the latter might have agreed to withdrawing two teams in the North and two in the South a few months ago. He also did not appear enthusiastic towards putting pressure on the Polish Delegation in connection with any reduction plan at this time. He stated that the Indian Government was not prepared to consider any reorganization plan which would result in a change in the functions of the Commission.

4. Mr. Kaul has undertaken to study our proposal and will discuss it further with Mr. Carter on 26 Feb. In the meantime, it is our view that any approach to the Indians in New Delhi should be withheld.

R.M. BISHOP
Acting Commissioner

[PIÈCE JOINTE/ENCLOSURE]

Projet de note

Draft Note

CONFIDENTIAL [Saigon], February 10, 1958

PROPOSED REORGANIZATION OF TEAM STRUCTURE IN VIETNAM

1. As the Vietnam Commission is lasting considerably longer than foreseen when it was established in 1954, it is desirable that personnel be reduced as much as the performance of

the Commission's functions permit. After reviewing the work of the inspection teams, the Canadian Delegation has concluded that the number of team officers should be substantially reduced and, on instructions from the Canadian Government, it proposes the examination of this question by the Commission.

2. Since 1954 the PAVN High Command has sent no notification of the arrival or departure of war material to the Commission, and only a few notifications concerning military personnel. The majority of notifications of arrival and departure of war materials and military personnel in South Vietnam in recent months have been for Saigon. It is accordingly proposed that the Parties be asked to cooperate with the Commission in arranging, as a rule, for the arrival or departure of military personnel and war material through Haiphong and Dong Dang in North Vietnam and Saigon and Tourane in South Vietnam. If a Party wished to arrange for the arrival or departure of military personnel or war material through one of the ten other points of entry, arrangements can be made for the control. If the Parties agree to this proposal, one of the principal reasons for maintaining teams permanently at these ten points of entry would no longer apply.

3. Article 36(d) requires the Commission to "supervise at ports and airfields, as well as along all frontiers of Vietnam, the execution of the provisions of the Agreement on the cessation of hostilities, regulating the introduction into the country of armed forces, military personnel and of all kinds of arms, munitions and war material." The Canadian delegation proposes that the Commission should examine the need for maintaining teams permanently at the ten points of entry, other than Haiphong, Dong Dang, Tourane and Saigon, in the light of this requirement. It is proposed that teams be withdrawn from Muong Sen and Tan Chau on the grounds that control of these points on the interior frontiers with Cambodia and Laos is no longer necessary. It is proposed, secondly, that teams should not be permanently stationed at Tien Yen, Dong Hoi, Vinh, Qui Nhon, Nha Trang and Ba Ngoi. The team reports in 1957 from these six teams show that there was no control of the entry of war material or military personnel and, in fact, very little traffic of any description at these points. The Commission could consider what arrangement for spot-checking at these points and the adjoining stretches of the frontier would be suitable. It is proposed that the Commission should subsequently consider the requirement for the continuing stationing of teams at the two remaining points of entry.

4. These proposals would not affect the role of Mobile Team 76 in the Demilitarized Zone and its operations can be reviewed separately.

---

400. DEA/50052-A-11-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 17 Saigon, February 27, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Let 33 Feb 15.
Repeat London, Paris from Ottawa (Information).
By Bag Delhi from London, Phnom Penh, Vientiane from Saigon.

REORGANIZATION OF TEAM STRUCTURE

1. Discussed our proposal with Kaul today. He expressed personal view that some teams serve no repeat no useful purpose. As Indian Government is opposed to any reduction of functions of Commission, and in view of Polish attitude he felt that our proposal was one for discussion between three governments represented on Commission, and possible for reference to Co-Chairmen. He did not repeat not comment on our text.

2. Whatever diplomatic consultation may take place, our proposal is clearly within Commission's competence and the normal manner for putting it forward is to table it in Commission. I do not repeat not consider that Kaul's reactions warrant any further delay, and hence seek your authority to table proposal.

3. Recommend that when you authorize tabling you also instruct High Commissioner in Delhi to support our proposal. Suggest he should emphasize the misuse of man power involved in maintaining teams in places where there is practically no repeat no traffic and nothing to control, and the resulting Canadian desire to make substantial cuts in our personnel in Vietnam like those the Indians have already made in signallers, guards, etc.

4. Presumably you would inform British and French of tabling proposal.

[T. LEM.] CARTER

---

401. DEA/50052-A-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

TELEGRAM Y-95 Ottawa, March 7, 1958

CONFIDENTIAL. OPIMMEDIATE.
Reference: Our Tel Y-84 of Mar 6/58.†
Repeat Saigon, Warsaw, London, Washington, Paris (Priority) (Information).

VIETNAM: REORGANIZATION OF TEAM STRUCTURE

Our suggestions about reducing the size of the Commission structure in Vietnam do not appear to have received much sympathy from Kaul. We think it would be useful if you would discuss the general question with Desai and try to enlist his support for our plan.

2. Our proposal has been designed to provide as much leeway as possible for the desires of the other two delegations and we are prepared to consider any suggestions which would result in bringing the size of the Commission into line with its present activities. We realize that certain reductions and economies have been implemented; however, most of these have not resulted in any great easing of the burden carried by the Canadian and Polish delegations.

3. We leave to your discretion the choice of arguments to be used on Desai. However, we would like him to be left with the impression that we are presenting our proposals after careful consideration and with serious intentions and that we would be very disappointed if the Indians refused to show any sympathy towards them.

4. You might mention in passing that we are also speaking to the Poles about this.

402. DEA/50052-A-11-40

Le commissaire de la Commission internationale de surveillance
pour le Vietnam
au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam,
to Secretary of State for External Affairs

TELEGRAM 27 Saigon, March 13, 1958

CONFIDENTIAL. OPIMMEDIATE.
Reference: Our Tel Y-97 Mar 7.†
Repeat Delhi (Information).

SUBARTICLE 17 — WAR MATERIALS

Commission discussed SMAs report, Indian proposals and SVM letter Tuesday.

2. I argued that most important Article 17 question before Commission was determination of past credits. The Commission had neglected this important question, and until credits were decided on equitable basis no repeat no alterations in procedures would make them work satisfactorily. After past credits were decided we could try to improve procedures. In particular I argued on the basis of text and spirit of the Agreement that credit be given for war material shipped out by the French. Replacement of this material would not repeat not constitute reinforcement under Article 17(a), and was perfectly permissible as it would not repeat not raise level of war material in South above that at cease fire. Text of my statement follows by bag.†

3. Kaul declared that determination of past credits and revision of procedures must be discussed together. He was not repeat not satisfied with SMAs report. He did not repeat not commit himself on question of granting credit on material shipped out by the French, and he has told me that he is seeking instructions from Delhi on this question. The discussion will be resumed next week, but I expect Kaul to propose that no repeat no decision be taken on credits or material shipped out by French until delegations can receive instructions. We think that one reason why Kaul wants to discuss two subjects together is that he plans to introduce more procedural requirements for past credits than are provided for in SMAs report.

4. I propose that you instruct High Commissioner Delhi to make clear to Indian authorities importance we attach to question of past credits. He might emphasize particularly that failure to grant credits for material shipped out by the French would be a serious act of injustice to South Vietnam which could prejudice the future efforts of the Commission to supervise Article 17. This approach should be made as soon as possible as Delhi may issue instructions to Kaul in the next few days and am referring copy of my statement to Delhi by bag for possible use with Indian authorities.

403. DEA/50052-A-11-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

TELEGRAM Y-103 Ottawa, March 14, 1958

CONFIDENTIAL. OPIMMEDIATE.
Reference: Saigon Telegram 27 of Mar 13.
Repeat Saigon (OpImmediate), London, Paris, Washington (Priority) (Information).

ARTICLE 17

Please approach Indian authorities along lines suggested in paragraph 4 of reference telegram, and emphasize the seriousness with which we view this question.

2. You may use arguments which seem most appropriate in the circumstances, but probably the three most important considerations are as follows:

(a) The Cease Fire Agreement was designed to prevent a military build up in either zone, but it did provide for the replacement of military equipment which was lost by the party because of various circumstances. The Agreement did not envisage the withdrawal of the French Union Forces from South Vietnam but the equipment which left the country with the French was denied to the South Vietnamese just as effectively as if it had been destroyed.

(b) It is obvious that South Vietnam has tried to cooperate with the Commission in this matter. The Commission has always been very vigilant in its supervision of imports under Article 17, and the South may find it hard to understand why the Commission has allowed years to elapse without establishing an efficient credits system. The Canadian Delegation has been aware of this oversight and has on many occasions taken the initiative to have it corrected. We would be very concerned now if majority decisions were taken which clouded the problem with difficult procedures or which resulted in discrimination against the rights of the South Vietnam Government.

(c) If the opportunity presents itself you might mention the widespread belief that North Vietnam has increased its army from seven to at least twenty-one divisions since July 1954. We are not suggesting that the Commission could have prevented any such build up in North Vietnam, but we would be worried if at some later date the charge turned out to be true. The Commission's position would be an awkward one but we think it would be even more awkward if the record indicated that South Vietnam had been dealt with unfairly.

3. We realize that these are strong arguments but it seems to us that there is a good possibility that South Vietnam may renounce Article 17 if it feels it is not being dealt with fairly. We should like to see a system worked out which would ensure that the terms of Article 17 could be enforced. A system which was neither administratively practical nor fair to South Vietnam would not meet these requirements.

4. The Indians seem to be tightening the noose on MAAG. This, combined with their apparent lack of flexibility on the Article 17 issue might produce serious results not only in Vietnam but also in the area of Indian-USA relations. We would not want to state this to the Indians so bluntly at this stage, but we hope they are aware of the dangers.

404. DEA/50052-A-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 107 New Delhi, March 14, 1958

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tel Y-95 Mar 7.
By Bag Saigon from Delhi.

VIETNAM: REORGANIZATION OF TEAM STRUCTURE

Your Y-95 arrived March 12 and we spoke to Desai March 13 about the proposal to reduce size and cost of Commission while we did not repeat not have details (apparently contained in Saigon Letter 33, February 15), and Desai had also not repeat not received details from Kaul (although Saigon Telegram 17, February 27 indicates text was handed to Kaul informally that day) we explained that the principal object was to reduce number of team sites and to ask parties to limit imports of war materials to perhaps two places in each zone. We emphasized view that this would ease burden on all Commission powers without undermining CFA or actual functions or effectiveness of Commission. We also said that while you were prepared to consider any suggestions which would result in bringing size of Commission into line with its present activities, our proposal was being presented after most careful consideration and in conviction that it could be implemented by Commission itself in consultation with the parties. We expressed hope that Government of India would give it sympathetic consideration and that some satisfactory agreement could soon be reached by Commission.

2. Desai was again sympathetic with our desire to reduce substantially and reiterated that this was also object of Indian Government, which was anxious to cut burden on manpower and finances in all Indochinese States and was under considerable internal political pressure to do so. He said he had just been drafting a reply to a parliamentary question asking the Government to justify the continued drain of the Commissions. He agreed that it was difficult to justify on grounds of work done the continued existence of many fixed teams in Vietnam, but, he added, this agreement with us on aims and assessment did not repeat not alter the fact that the Agreement on Cessation of Hostilities in Vietnam clearly stated that alterations in the locations of fixed teams could be made by the Commission only with agreement of "party concerned;" and it had been and remained the firm conviction of the Indian Government that "party concerned" in this context meant the party concerned or affected by the activities the teams were established to control. In practice this meant now that agreement of North was necessary for reduction of team sites in South. It was not repeat not his view, he said, that agreement of Co-Chairmen was necessary for such a reduction. In political terms, however, this was perhaps not repeat not very important, since consent of DRVN was clearly necessary under terms of agreement. If terms of agreement could be complied with by obtaining consent of those concerned, Government of India would be happy to see number of team sites reduced. We would understand, however, that Indian Government could not repeat not be a party to any arrangement inconsistent with the Agreement, either on legal grounds or, "being what we are," on political grounds.

3. Desai concluded by saying he would send a telegram to Kaul, informing him of the views we had expressed, urging him again to make further progress with reductions, but also referring again to the established Indian position as he had explained it to us.

---

405. DEA/50052-A-11-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM INCHIN-121 New Delhi, March 18, 1958

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Y-103 Mar 14.
Repeat London, Paris, Washington from Ottawa (Information).
By Bag Canberra, Wellington from London, Hanoi from Delhi.

ARTICLE 17

Your telegram arrived this morning and I acted on it this afternoon using the arguments you suggested and leaving an aide-mémoire with Desai the text of which follows by bag.†

2. Desai said he had warned Kaul that Article 17 would be a constant source of trouble unless the credits question was settled. He himself had tried to persuade the South Vietnamese (who?) were so anxious at the time to be rid of the French that they did not repeat not need his advice. He believed that the South Vietnamese should have credit for equipment exported by the French. He calculated that at the time of the cease fire each side had military supplies sufficient for six months under wartime conditions or four years under peacetime conditions. With French withdrawal South Vietnamese had lost these supplies. This combined with the build-up of the PAVN had upset the military balance which existed at the time of the cease fire.

3. To correct this situation he had already instructed Kaul to obtain a majority decision in the Commission establishing credits in two categories: (a) exports controlled by Commission and (b) exports not repeat not controlled but reported by French. Kaul was to vote with Carter in favour of establishing credits in these two categories but was to vote with the Pole against establishing credits for exports neither controlled nor reported but now claimed by South Vietnamese. However if the South Vietnamese could now produce manifests to show that uncontrolled and previously unreported exports had actually taken place he would accept these documents as adequate proof and also South Vietnamese to claim credits.

4. He thought Kaul had already acted on these instructions but would send him a telegram to "ginger him up."

406. DEA/50052-A-11-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM INCHIN-122 New Delhi, March 19, 1958

CONFIDENTIAL. OPIMMEDIATE.
Reference: My INCHIN-121 Mar 18.
Repeat London, Washington, Paris from Ottawa (Information).
By Bag Canberra, Wellington from London, Hanoi from Delhi.

ARTICLE 17

I should add to my previous telegram that Desai gave another reason to justify granting credits to South Vietnam for French arms exports. He believes that the French had deliberately withheld information about some exports from the South Vietnamese out of malice. The South Vietnamese could not repeat not have reported those shipments even if they had wanted to. It was only fair to try to find some way of granting them credit for the shipments. However, it did not repeat not seem right simply to accept an unsupported South Vietnamese claim that a certain amount of equipment had been shipped out, of which the Commission had no repeat no previous record. It seemed necessary to require some form of documentary proof such (as) ships manifests.

2. Desai seemed to have assumed that our delegate would support all claims for credit made by the South Vietnamese and would oppose a majority decision rejecting any of their claims. He made no repeat no attempt to persuade us to change our minds but implied indirectly that if South Vietnamese demands which could be substantiated by some proof were declared acceptable we might support a reasonable solution proposed by the Indians.

[C.A.] RONNING

---

407. DEA/50052-A-11-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

TELEGRAM Y-107 Ottawa, March 21, 1958

CONFIDENTIAL. PRIORITY.
Reference: Your Tels 122 and 121 of March 19, 18.
Repeat Saigon (Priority), London, Paris, Washington (Routine) (Information).
By Bag Wellington, Canberra, Kuala Lumpur.

ARTICLE 17

We find Desai's approach to this subject gratifying and we hope Kaul follows the same line in the Commission. Since we may have occasion in the future to be somewhat less gratified about Indian views on other subjects we think you might tell Desai that he can count on the support of the Canadian Delegation in this fair approach.

2. We are a little worried about Desai's assumption that our Delegation would support all claims for credit made by the South Vietnamese. We see no reason for granting South Vietnamese credits for exports neither controlled nor reported unless they can satisfy the Commission that such exports had taken place. We want the South to receive fair treatment from the Commission but we hope the Indians understand that it is not our policy to support the South without reference to the justness of their claims.

3. We should have no objections to agreeing to some arrangement whereby the South would be given credit for exports which they verified by documentary proof such as ships' manifests. However, we tend to be very conscious of the PAVN's ability to produce any type and any volume of official documents which may be required to fit a given situation, and we would not wish to see established a principle which the North could use.

4. The last sentence of paragraph 2 of your telegram 121 intrigues us. To our knowledge this is the first time any Indian official has admitted that there has been a build-up of the PAVN. If you have an opportunity to draw out Desai on this subject, we would be interested in the results.

5. *For Saigon Only*. We do not know how closely Kaul will follow Desai's instructions. Presumably your policy on exports neither controlled nor reported will depend largely on the attitude of the other delegations. If you think the South stands to lose very much by rejection of this type of credit, you may wish to argue for some arrangement which would not close the door completely.

---

408. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance
pour le Vietnam
au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam,
to Secretary of State for External Affairs

TELEGRAM 42 Saigon, April 11, 1958

CONFIDENTIAL. PRIORITY.
Reference: Our Let 60 Mar 12.†
Repeat Delhi (Information).
By Bag Phnom Penh, Vientiane, London, Paris, Washington, Warsaw from Saigon.

REORGANIZATION OF TEAM STRUCTURE

1. Our proposal on reorganization of teams in Vietnam considered at Commission meeting on April 10 and not repeat not favourably received.

2. Polish Delegation rejected proposal on the ground that provisions of Geneva Agreement have not repeat not been fully implemented. Until such time as progress is made towards political settlement and towards solution of other problems like introduction of military personnel, war material, and difficulties in demilitarized zones they were not repeat not willing to support any reduction in Commission activities like that envisaged in our proposal.

3. Kaul's approach to our proposal was that whilst agreeing in principle to reduction in the Commission he was not repeat not prepared to support the proposal in whole or in part unless it contained complete details of how the Commission would continue to carry out its mandatory tasks. He also said that before further reducing team officers we should study for several more months effects of reduction made last November and also get restrictions on movements of teams removed. He also raised question of article of agreement under which we would proceed.

4. Kaul suggested that the item be postponed for two months to enable us to furnish details. This, of course, is opposed to our approach of first obtaining agreement in principle on necessity for reorganization of team structure and reducing team officers based on areas of agreement, working out details of implementation.

5. Accordingly, I asked Kaul if he considered we had made prima facie case for our plan, or for any such reorganization now involving reduction of team officers. His answer was evasive and so I thought it best not repeat not to submit details and withdraw proposal in order to seek your instructions.

6. In view of firm opposition of Poles and lukewarm Indian attitude there is little prospect of any tangible reduction of team officers by Commission agreement in the next few months. We are working on a full study on the effectiveness of team controls which we hope to send you by the end of the month. We suggest that further steps on reduction be considered after you have seen this report.

[T. LEM.] CARTER

---

409. DEA/50052-A-11-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 102 Saigon, April 19, 1958

CONFIDENTIAL

Reference: Our Telegram No. 46 of 18 Apr 58.†

ARTICLE 17 — WAR MATERIAL

At the 466th meeting Mr. Kaul circulated an Indian draft decision (attached)† on the question of credits for war material, and future procedures under Article 17. I stated that these proposals were acceptable and represented a fair decision in this matter, and required only minor amendments. I pointed out that with regard to the final sentence of para IV(a), the terminal date covering the export of French war material should be left unstated until this could be ascertained from the Party. I also stated that the ejection procedures were not desirable inasmuch as such occurrences would be rare and should form the subject of special consideration rather than of forms. However, we will accept the ejection procedures if we cannot convince the Indians to drop them. Mr. Goralski stated the opposition of his Delegation and of his superiors to Section IV dealing with French war material. A copy of the Polish stand in this matter, as expounded on April 10th, is attached.† He wanted to consider the proposals less this objectionable section, but I refused to concur, and Mr. Kaul agreed that the subject must be considered as a whole and that final decision would be reached, if at all possible, at the next meeting. On my request Mr. Kaul agreed that this completed case would be included in the 8th Interim Report, if for any reason we are not able to take a decision in April.

T. LEM. CARTER

---

410. DEA/50052-A-11-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 141 Saigon, May 17, 1958

CONFIDENTIAL

Reference: Our Telegram No. 68 of 15 May 58.†

ARTICLE 17 — WAR MATERIAL CREDITS AND PROCEDURES

1. At the 470th meeting of the IC held on 14 May 58 a majority decision (Mr. Goralski dissenting) was reached on the Indian proposal for past credits and future procedures under Article 17. A copy of this decision is attached herewith. We have indicated by marginal lines where this decision differs from the Indian draft previously sent you.[29] The progress towards decision in this case has been delayed by Polish requests for postponement, ostensibly for the purpose of asking direction from their government, but probably, as it now appears, to allow the PAVN (General Giap) to make a statement (copy attached)† in the Northern press (Nhan Dan) on 7 May 58, protesting against the anticipated decision by the IC to grant credits for war material removed by the departing French Union Forces.

2. In answer to Mr. Goralski's attack on the principle of granting credit for the French war material, (and, incidentally, to General Giap's interview), Mr. Kaul made a detailed statement, copy to follow, in which he outlined the views of the Indian Delegation in this matter. These views substantially agreed with those of the Canadian Delegation.

3. In his statement in dissent, copy to follow,† Mr. Goralski stated his fears that the decision would lead to a chain reaction owing to what he considered the improper execution of the Geneva Agreement, the authority of which had thereby been weakened. In my reply to his allegations, I stated that it was the fundamental principle of the Geneva Agreement to maintain a state of balance between the military potential of the two Parties, and that in granting credit for the French war material exported prior to 1956, we were only allowing to the South its right to redress this weakening of its forces.

4. Mr. Goralski attempted to make each case of credit being granted by the Secretariat the subject of review by the Ops Committee. This attempt was firmly resisted by Mr. Kaul, who stated that the granting of credit, once the principle had been set forth in the present decision, would be an administrative matter to be carried out by the Secretary General (DSG(Ops)). It was to ensure that this procedure was given immediate effect that the final

---

[29] Seules des modifications superficielles ont été apportées à la proposition indienne préliminaire établie initialement.
Only cosmetic changes were made to the original Indian draft proposal.

paragraphs of the decision on implementation were inserted, at my request. We hope in this way to overcome Polish delaying tactics.

5. In my final remarks I was careful to note that the Canadian attitude was that the door to new evidence with regard to the granting of credit should remain open, and that no restrictive interpretation be given to the terms of the decision. I stated that the Commission could give consideration to the granting of credit for all war material, whether serviceable or not, that had been destroyed or exported.

6. In conclusion, this favourable decision should result in a better attitude on the part of the SVM, and they will be encouraged by this display of justice to become more cooperative in the implementation of Article 17. Inasmuch as the decision will not become effective until the end of June, it is felt that the way is open for further consultation with the South Vietnamese Mission, and that they will have an opportunity of commenting, and also of adjusting their procedures to be in harmony with the decision. We are glad that the Indians firmly supported their draft against strong Polish opposition, and many amendments. The intervention of the High Commissioner in New Delhi was presumably an important factor in maintaining the Indian position.

T. LEM. CARTER

[PIÈCE JOINTE/ENCLOSURE]

DRAFT DECISION
470 MEETING — 14 MAY 58

Principles Governing Past Cases

I. (a) Credits under Art. 17(b) be allowed to the Party in the following cases of export/destruction of:

(in) war material with appropriate nomenclature and quantity notified and controlled.

(ii) war material with appropriate nomenclature and quantity not notified but controlled.

These cases be considered in terms of totals by items for the periods:

1. from the cease-fire to 30th June, 1956;
2. from 1st July 1956 to 31st December, 1956;
3. from 1st January, 1957 to 30th June, 1957;
4. from 1st July 1957 to 31st December, 1957;
5. from 1st January, 1958, to 30th June, 1958.

(b) Credits under Art.17(b) may be allowed to the Party in the case of export/destruction of war material notified, but not controlled subject to detailed examination in each case.

(c) In cases where the date given by IC Teams in their weekly reports as a result of controls carried out of outgoing/destroyed war material do not furnish full details regarding nomenclature and quantity, the Party be asked to provide documentary proof, such as manifests or other documents to establish correct nomenclature and quantity.

(d) In all the above cases, if the Party has not already furnished a certificate, the Party be asked to furnish a certificate signed by Chief of the Navy, Army, Air Force General Staff (or on his behalf) that the said war material has been damaged or worn out after the cessation of hostilities.

II. (a) Debits be charged against the Party in the case of import of:

(i) war material with appropriate nomenclature and quantity notified and controlled.

(ii) war material with appropriate nomenclature and quantity not notified, but controlled.

These cases be considered in terms of totals by item for the period

1. from the cease-fire to 1st July 1956, and
2. from 1st July 1956 to 30th April, 1958.

(b) Debits be charged against the Party in the case of import of war material notified but not controlled subject to detailed examination in each case.

(c) In cases where the data given by IC teams in their weekly reports as a result of controls carried out of incoming war material do not furnish full details regarding nomenclature and quantity, the Party be asked to provide documentary proof, such as manifests or other documents to establish correct nomenclature and quantity.

(d) In cases where the incoming war material has not been notified but controlled, the Party should be informed that provisions of Article 17 and Protocol 23 have been contravened.

(e) In cases where the total import figures exceed the total figures of export, the Party be asked to show cause why violation of Art. 17 and Protocol 23 should not be recorded.

III. The Party be asked to state the quantity of munitions:

(a) Consumed in Training; credits for this be granted subject to receipt of a certificate signed by the Chief of the Army/Navy/Air Force General Staff (or on his behalf) certifying that munitions claimed for credit have been effectively used up for training of troops during the month ____ for Army/Navy/Air Force units.

(b) Destroyed; credit be given for this in terms of credit under 17(b) as mentioned at I above.

These munitions be considered in terms of totals by items for

(i) from cease-fire to 1st July 1956, and
(ii) from 1st July 1956 to 30th April, 1958.

IV. (a) Credits be allowed to the Party for arms, munitions and other war materials taken out of Vietnam by the withdrawing French Union Forces in Vietnam after the cessation of hostilities, in the following cases:

(in) war material with appropriate nomenclature and quantity notified and controlled.

(ii) war material with appropriate nomenclature and quantity not notified but controlled.

These cases be considered in terms of totals by items for the period from the cease-fire to 31 July 1956 when the French Union Forces High Command was dissolved).

(b) Credits may be allowed to the Party in the case of war material notified but not controlled subject to detailed examination in each case.

(c) In cases where the data given by the IC Teams in their weekly reports as a result of controls carried out of outgoing/destroyed war material do not furnish full details regarding nomenclature or quantity, the Party be asked to provide documentary proof, such as manifests or other documents to establish correct nomenclature and quantity.

PROCEDURE FOR ESTABLISHING CREDIT FOR REPLACEMENT OF WAR MATERIAL UNDER ARTICLE 17(B)

Replacement of War Material 'Damaged', 'Destroyed' or 'Worn Out' After the Cessation of Hostilities

I. The Party claiming credit shall submit a report (8 copies) in Proforma A to reach the Commission adequately in advance, but not less than 2 days (48 hours) from the date and time of receipt at IC Secretariat keeping in view the quantity, type, the location of the war material involved, in order to enable the Commission to carry out necessary verification and control through its teams to ascertain the quantity, type, characteristics etc. of the war material and to supervise its destruction/export.

If, within the time available, the Commission's team finds that it has not been physically possible to carry out and complete the verification and control, the Party will be requested by the IC Team or by the Secretariat General to allow more time as required to complete the task.

II. IC Secretariat on receipt of this proforma will forward all the eight copies of it to the IC team, who after necessary verification and control will fill up the required columns in the Proforma A and return all the eight copies along with their report to the IC.

III. IC Secretariat will maintain a War Material Credit Register in Proforma D. Credit entries will be made on the basis of the quantity, type, characteristics etc. reported by the IC team as destroyed/exported.

Replacement for Munitions Used Up After the Cessation of Hostilities

The Party will furnish a certificate in Proforma C (eight copies) separately for Army, Navy and Air Force signed by the Chief of the General Staff or on his behalf for establishing credit for replacement of munitions "used up" after the cessation of hostilities.

IC Secretariat will make credit entries on the basis of this Certificate in the War Material Register in Proforma D.

PROCEDURE TO INTRODUCE WAR MATERIAL AS REPLACEMENT INTO VIETNAM UNDER ARTICLE 17(B)

I. IC Secretariat will circulate to the Delegations a credit statement on the basis of entries made in the War Material Register (maintained by the IC in Proforma D) on receipt of Proforma A along with the Team Report and the Party's certificate in Proforma C enclosing a copy of the Proformas A and C.

II. IC Secretariat, after credit has been entered in the War Material Register, will inform the Party that the Party is allowed to introduce the war material shown in Column 4 of Proforma A and in Column 3 of Proforma C under Article 17 of the Geneva Agreement and Protocol 23, enclosing a copy of Proformas A and C.

III. When the Party wishes to introduce war material against its credit, it will inform the Commission through the appropriate Fixed Team in Proforma B (in 8 copies) adequately in advance, but not less than 2 days (48 hours), keeping in view the type and quantity of war material involved, in order to enable the Commission to carry out necessary verification and control through its teams and to ascertain the quantity, category, characteristics, etc. of the incoming war material.

IV. If within the time available the Commission's team finds that it has not been physically possible to carry out and complete the verification and control, the Party will be requested by the team or Secretary General to allow more time as required to complete the task.

V. IC team will after necessary verification and control fill up the relevant columns in Proforma B and return all the eight copies along with their Report to the IC.

VI. IC Secretariat will raise a debit in the War Material Register referred to above against the Party on receipt of Proforma B along with the team Report. A copy of this Proforma B will be sent to the Delegations and to the Party.

VII. Quarterly credit balances as on the last date of the quarter will be circulated by the IC Secretariat to the Delegations and to the Party in Proforma E.

VIII. Any war material introduced into Vietnam in contravention of the provisions of the Geneva Agreement and Protocol 23 shall, without prejudice to any other action which the Commission might take under the relevant provisions of the Geneva Agreement and Protocol 23, at the direction of the Commission be ejected from the country. Where war material is introduced against credit but no notification is given to the IC, Secretariat will inform the Party that Party has contravened the provisions of Art. 17(e) and Protocol 23 in each case.

Procedure for Ejection

The Commission will inform the Party in Proforma F (in 8 copies) and the Party shall arrange to export these war materials informing the IC teams concerned in Proforma F filling up the relevant columns and return 7 copies to the IC team, adequately in advance to enable the Team to inspect, verify and control the exit of the war material from Vietnam. The IC team concerned will then submit a report along with Proforma F (7 copies) to the Commission after necessary verification and control. IC Secretariat on receipt of Proforma F from the teams will circulate a copy to each of the Delegations and to the Party.

The revised procedure as adopted by the Commission will be followed by the Parties with effect from 1. 7. 58.

IMPLEMENTATION

I. Secretary General to take necessary steps for compilation by the Secretariat as a priority task of a war material register showing the credits and debits of the Parties concerned on the basis of the decision taken by the Commission today, and to submit progress report to IC by 1st July, 1958.

II. Secretariat to send copies of the procedures approved by the Commission to the Parties and to inform the Parties that these procedures will come into force with effect from 1st July, 1958. Parties to be requested to follow these procedures strictly.

---

411. DEA/7266-P-1-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1502 Washington, June 30, 1958

CONFIDENTIAL

Repeat Paris, London (Information).
By Bag Delhi from London, Saigon from Ottawa.

VIETNAM — MAAG CEILING

Mr. Walter Robertson, Assistant Secretary for Far Eastern Affairs, asked to see me today about this problem. He said the USA wished to increase the ceiling of their MAAG personnel. He pointed out that originally the USA agreed not repeat not to increase MAAG personnel beyond 342 but to rely on French help for training the Vietnamese army. Now that the French have withdrawn their troops and training personnel, the original figure of 342 is inadequate. Robertson commented that the USA felt there would be justification for USA increase to compensate for the withdrawal of French training personnel. He also pointed out that with the phasing out of Term, the original strength of this military mission was no repeat no longer needed. Robertson said the USA would keep the total of MAAG personnel plus Term personnel within the original total strength, but the plan was to increase the MAAG component as the strength of Term decreased.

2. The USA have discussed this matter with the UK, but not repeat not with the Indians or French and Robertson specifically asked us not repeat not to say anything about it at this time to them. He thought the UK might consult us about the matter and so he wished us to know of the proposal. He thought the timing of the operation would be most important. Please let us have any views we might pass on to Robertson.

3. I mentioned to the Assistant Secretary the Polish figure of over 900 (Letter 189 June 13† from Saigon) American military personnel in Vietnam as of last April. Robertson had not repeat heard of this latest Polish survey and allegation. He said the Poles were continually making such charges; possibly the checking in and out procedure was slow; but he affirmed that the USA military missions were kept within the pre-cease-fire strength. We said that our Commissioner in Vietnam felt this to be true.

4. Robertson also mentioned the Vietnam-Cambodia border incident[30] (your telegram Y-234 June 27†) and his appreciation of it parallelled what you have received from Phnom Penh. He commented that the Cambodians were "shooting off in all directions" and were somewhat psychopathic over this incident. While he did not refer specifically to the last paragraph of the royal proclamation of June 25 in which Sumarit asked "the great nation of the USA to exert all efforts to ask Vietnam to stop permanently her unjust annexationist manoeuvre," he undoubtedly had it in mind when he said "We are not repeat not going to get in the middle of this one."

[N.A.] ROBERTSON

---

412. DEA/50052-A-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 3021 London, July 4, 1958

CONFIDENTIAL. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: Your Tel Y-237 Jul 2.[31]

Repeat Washington, Paris, Saigon, Delhi from Ottawa (Information).

---

[30] Le 15 juin 1958, des troupes sud-vietnamiennes sont entrées dans la province cambodgienne de Stung Treng pour poursuivre les forces communistes vietnamiennes. Le Canada n'a pas voulu que la CISC au Cambodge mène une enquête sur cet incident de frontière. Voir Canada, Chambres des Communes, *Débats*, 1958, volume II, p. 1890.

On June 15, 1958, South Vietnamese troops crossed into the Cambodian province of Stung Treng to pursue Vietnamese Communist forces, a border incident which Canada did not want the ICSC in Cambodia to investigate. See Canada, House of Commons, *Debates*, 1958, Volume II, p. 1794.

[31] Non retrouvé./Not located.

VIETNAM — MAAG

We called on Tomlinson at the Foreign Office and outlined to him, on the basis of your reference telegram, your preliminary views on the USA intention to replace Term personnel with new MAAG personnel to bring the MAAG complement up to 692. Tomlinson acknowledged both that the introduction of additional USA personnel into Vietnam would cause difficulties in the Commission and with the Indians, and that it would be virtually impossible to justify by any strict legal interpretation of the Vietnam Agreement.

2. Tomlinson then told us that the USA Ambassador here, Mr. Whitney, had called on Selwyn Lloyd on June 24 to inform him of USA intentions regarding the introduction of extra MAAG personnel and to seek UK views. Tomlinson let us read a telegram which the Foreign Office had prepared reporting on the interview. According to this message, Mr. Lloyd made the following points:

(1) That the UK legal interpretation of Article 16 of the Vietnam Agreement remained unchanged, i.e. that there was no provision in the agreement whereby additions could be made to the number of military personnel present in Vietnam at the time of the cease-fire;

(2) That if, nevertheless, additional personnel were to be introduced, some at least adequate "juridical cover" — would have to be found;

(3) The UK would not want to be too definite about what could be done in this regard independent of Canadian advice, since the Canadians would be faced with the problem of how to deal with this in the International Commission;

(4) The question of timing was important and the present would be a very awkward time for an introduction of military personnel to take place in Vietnam in view of the effects it might have on the situations in both Laos and Cambodia.

The USA Ambassador evidently did not comment but simply took note of Mr. Lloyd's views. Mr. Lloyd did not offer to put forward any further views at a later date.

3. Tomlinson told us that there was not much he could add to the UK views as outlined to the USA Ambassador here. Mr. Lloyd, Tomlinson said, laid particular stress on the point that right now would be a terribly bad time for the Americans to carry out their intentions to increase the number of MAAG personnel. At the same time, of course, the UK did not wish to appear unduly negative in their response nor to be deliberately standing in the way of action which the USA thought necessary in order to preserve the defensive strength of South Vietnam.

4. Tomlinson told us that Mr. Lloyd did not have anything in particular in mind when he spoke of an adequate "juridical cover" except that it was obvious that some explanation would have to be found. Tomlinson said that, in view of the clarity of the Vietnam Agreement on this score, he did not really see himself how a good justification could be established if a strictly legal view were to be taken: this was in fact the view of the Foreign Office Legal Department.

5. Tomlinson added that the UK had been anxious not to say anything to the USA on the subject which would make matters more difficult for us when we were approached by the USA.

6. We then remarked that you also no doubt did not wish to appear too negative towards American intentions and that you had even gone so far as to express sympathy for their aim that the South Vietnamese army be built up as an effective deterrent against Communist aggression. We pointed out that you had promised the USA you would examine the problem and pass on your views later.

7. Tomlinson said that the UK for its part did not propose to say anything further to the USA on this unless requested to do so. He realized that his comments might not be particularly helpful to you. The only suggestion he could think of which might be of any use at all was that it be pointed out to the USA how important it was to have at least Indian understanding in this matter. The crux of the matter was the reaction of the Indians and it seemed unavoidable that the Americans consult with the Indians and find out their views before proceeding further. Canada might consider it appropriate to suggest this to the Americans before a more detailed Canadian opinion could be set forth.

---

413. DEA/50052-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour la Direction de l'Extrême-Orient

Memorandum from Assistant Under-Secretary of State for External Affairs to Far Eastern Division

CONFIDENTIAL [Ottawa], July 5, 1958

UNITED STATES REQUEST IN VIETNAM

In view of the fact that the American Ambassador in London had been instructed to raise the question of the increase of MAAG personnel in Vietnam with Mr. Selwyn Lloyd, it is conceivable that the subject might arise when Mr. Dulles talks with Mr. Smith next week in Ottawa.[32] It might be just as well, therefore, to let Mr. Smith have a brief note on this matter. If Mr. Dulles does raise the issue, I think it would be advisable if Mr. Smith told him as firmly as possible of the highly embarrassing position in which we would be placed by such a request. I should think he ought to go farther than Mr. Lloyd and say that we are sympathetic but can see no possible legal justification. We should certainly not like to oppose the Americans but our whole position on the Commissions would be undermined if we were to condone a breach of the Geneva Agreement which we would certainly not condone on the other side. Mr. Smith might urge Mr. Dulles to look again into the question and see if it was absolutely necessary to increase their personnel. Knowing what we do of the prodigal attitude of the American authorities to the requirements for personnel abroad, it seems to me conceivable that these increases are not absolutely necessary, and that highly desirable results might be achieved in more acceptable ways. We should also, of course, tell Mr. Dulles that it would be essential for them to make their peace with the Indians on this matter in advance. He could refer to the advantages which the Americans gained from dealing with the Indians direct over the arrangements for TERM.

2. No doubt Mr. Dulles would use the argument that the Communists were continually violating the terms of the Geneva Agreement and that it was unfair for the Americans to be forced to obey provisions which were ignored in the North. This is a difficult argument to meet of course, because there is some validity in it. We might argue that we have constantly done our best to reveal violations by the North and that we will continue to do so but that we would be severely handicapped in this endeavour by outright violations on the part of the Americans. Eventually, it might be necessary for the Americans to refuse to

---

[32] Le compte rendu de la conversation entre Smith et Dulles en juillet 1958 ne fait aucune référence à ce sujet.Voir chapitre I, première partie, section C.

The record of the conversations between Smith and Dulles in July 1958 does not contain a reference to this topic. See Chapter I, Part 1, Section C.

recognize features of the Geneva Agreement if the Communist violations became more obvious and flagrant than they are at present. For the time being, however, the Communists are behaving in a relatively placid way and it would not be to our general advantage to provoke them into drastic action. The trouble with admitting a policy of justified violations by one side on the grounds of alleged but difficult to prove violations on the other side is that this could begin a process of wearing away the substance of the Geneva Agreements entirely. In our view, the importance of the Geneva Agreements is not so much to be found in the impeccable fulfilment of their provisions but in the fact that they give some strength to the détente which exists. In our view, this is not at all a good time nor to our advantage to upset the equilibrium in Indo-China.

3. I would hope that this discussion need not lead to any detailed consideration of the position of the Commissions in Laos or Cambodia. Some reference, however, would be inevitable. Perhaps Mr. Smith might confine himself merely to saying that we were engaged at the moment in the difficult task of withdrawing our Commissions physically from Laos and, we hoped, shortly from Cambodia. We had hopes of being able to do this in agreement with the Indians in order to preserve the kind of relations which made our collaboration in Indo-China easier and more effective. As our motives for withdrawing from Laos and Cambodia had been subject to some suspicion, it had been necessary for us to reaffirm very strongly our determination to support the general framework of the Geneva Agreements in Indo-China and to continue specifically to maintain our Commission in Vietnam in order to uphold the provisions of the Geneva Agreement in that country. In thus reaffirming our attitude towards the Geneva Agreements, we were not merely making gestures to the Indians and the Poles. We were doing so because it was our firm conviction that it was in the best interests of the West to maintain for as long as possible the balance which existed in Indo-China and which, although it was far from an ideal situation, could rapidly deteriorate into one far less favourable to our interests.

J.W. H[OLMES]

---

414. DEA/50052-A-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 271 New Delhi, July 9, 1958

CONFIDENTIAL. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Your Y-238 Jul 2.†
Repeat Saigon (OpImmediate) (Information).

MAAG

American plans are a subject which the Indians never raise with me except by implication. I can only infer what their reaction might be to an increase in MAAG from their general attitude towards the CFA for Vietnam and towards military pacts.

2. Their dislike for SEATO is probably as strong today as ever. I fear that they would look on the American proposal as amounting to an extension of SEATO activities. Their disapproval would, I imagine, be all the stronger because they would inevitably argue that the CFA forbids any increase in the number of MAAG personnel. As your Y-237 points out,

they agreed to TERM as an exception to Article 16 because TERM was temporary and because it reduced South Vietnam's war-making potential. The expansion now suggested would be permanent and would increase South Vietnam's war-making potential. It is therefore hard to see the Indians accepting it.

3. Even if the latest proposal could be justified as satisfactorily as TERM, the Indians would probably object that the Communists are more sensitive to the USA military help to South Vietnam now than they were at the time TERM was agreed to.

4. You thought it best to encourage the Americans to negotiate directly with the Indians over TERM. If the Americans insist on going ahead with their present proposal, there would appear to be even stronger reasons for adopting the same tactics in this case.

[C.A.] RONNING

---

415. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 108 Saigon, July 9, 1958

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Y-237 Jul 2.

Repeat Delhi, London, Washington from Ottawa (Information).

VIETNAM — MAAG

We do not repeat not think legal cover can be found for an increase in MAAG personnel. If, however, Indians can be persuaded of opposite view by Americans then we would not repeat not consider Communist propaganda serious enough to make proposal undesirable.

2. An increase of MAAG strength without Indian agreement would have grave consequences. It would tend to confirm Polish allegation that MAAG has already exceeded strength of 342 (our letter 189 June 13†). It would lead to denunciation of South by Commission and probably to a decision that extra personnel be ejected from the country. Consequence would probably be repudiation of Article 16, and perhaps others, by South, involving a serious change in Southern policy towards Commission.

3. We would particularly regret such developments as after considerable effort Southern position under Article 17 has been notable. As a result it can now be argued more effectively than before that the USA military program in South Vietnam is completely legitimate under Agreement. If Commission took decisions under Article 16 outlined above this advantage would be lost and political and propaganda initiative restored to the Communists.

[T. LEM.] CARTER

416. DEA/50052-A-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM Y-264 Ottawa, August 5, 1958

CONFIDENTIAL. PRIORITY.
Reference: Your Tel 1742 of July 28.†
Repeat London, Paris, New Delhi, Saigon, Phnom Penh (Priority) (Information).

VIETNAM — MAAG

We have not been very anxious to reply any earlier than necessary to the American enquiry about MAAG, on the assumption that they would not open discussions with the Indians until we had expressed our views. As you know, heavy pressure has been applied on the Indians by Peking and Hanoi in connection with the Laos Commission and Article 17 in Vietnam. Desai no doubt is tired of being pulled in two directions. We question whether he would be very sympathetic at any time to the American proposal; at this particular time, however, we suspect his reaction could be particularly unfavourable.

2. Despite our inclination to delay developments, we are aware that the Americans feel some urgency about the problem and we intend to talk to the US Embassy here on Tuesday. We suggest that you discuss it with State Department at the same time. The following are the main considerations which we think must be taken into account:

(a) We agree with the opinion expressed by Selwyn Lloyd that an adequate "juridical cover" would have to be developed if a serious violation of the Cease-Fire Agreement were to be avoided. This juridical cover would have to be firmly enough based in the Agreement to gain Indian acceptance and support, it would accomplish nothing if the Canadian Delegation were to construct some flimsy legal justification for an increase in MAAG and then be outvoted by the other two delegations. Unfortunately, Article 16 (unlike Article 17) is very clear and precise and we do not think a sound legal argument could be developed.

(b) Whatever arguments were produced we could predict with confidence that the Communist bloc would react vehemently to an increase in the size of MAAG. They have received two serious disappointments during the past month over the withdrawal of the Laos Commission and the Vietnam Commission's decision on Article 17. We suspect there is a real danger that they might be inclined to act in such a way as to threaten the equilibrium which has been established in Indochina, if they were now to be confronted by an increase in MAAG. One cannot, of course, be sure; however there are grounds for believing that the Chinese and North Vietnamese have convinced themselves that South Vietnam is being built up into a "military base" and that if they saw the Cease-Fire Agreement being flouted and MAAG being increased, they might very well consider their security to be threatened.

(c) We believe it absolutely essential that the proposal should be discussed with the Indians before any action might be taken. However, we should be less than honest if we were to say we thought the Indians might be persuaded to adopt a favourable attitude towards an increase in MAAG. We suspect they would oppose an increase both because of the possible reaction of the Communists and the consequent repercussions on the whole

Indochina settlement, and also because they would honestly consider that such an increase would be contrary to the spirit and the letter of the Cease-Fire Agreement. We think the Americans would agree that the Indians supported TERM as an exception to Article 16 primarily because it was a temporary project and because its main job was to be the export of military equipment. The MAAG proposal would have neither of these characteristics.

3. You should outline to the Americans the efforts which have been made and the success which has been achieved by the Indians and ourselves in stretching the provisions of Article 17 to the point where the South will receive credit for military equipment exported by the French. As our Commissioner in Vietnam has pointed out (in telegram 108 of July 9) it can now be argued more effectively than before that the USA military programme in South Vietnam is completely legitimate under the Agreement. If a majority of the Commission twisted Article 16 to the extent which would be necessary to justify an increase in MAAG, or if MAAG were increased in contravention of the Cease-Fire Agreement, the improved position of the South with respect to US militant assistance and war material credits would be lost and the political and propaganda initiative would be restored to the Communists.

4. We repeat that we are sympathetic to the aims expressed by the USA. The Americans realize, we are sure, from past experience, that we have done everything possible on the Commission to support and protect the position of South Vietnam and the United States. However, much of our influence with the Indians and much of the weight which we carry in the Commission stems from our unwillingness to argue cases on the basis of clearly untenable legal or political grounds. At this time we cannot see any convincing legal justification for an increase in MAAG and it seems apparent that special pleading by us in these circumstances would undermine our influence in the Commission at the very time when there are signs that firmness will be required to keep the North Vietnamese in line.

5. We should, of course, be happy to discuss this question again with the Americans at any time. We are very conscious of the negative nature of our comments, but this is the result of the circumstances of the case and not of any unwillingness to cooperate.

---

417. DEA/50052-A-11-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 121 Saigon, August 6, 1958

CONFIDENTIAL. OPIMMEDIATE.
Reference: Our Let 105 Apr 19.†
Repeat Delhi (Priority) (Information).
By Bag Hanoi, London, Paris, Washington, Warsaw from Saigon.

REORGANIZATION OF TEAM STRUCTURE

1. Before leaving for Delhi yesterday Ansari told me that he intended to discuss with the Indian authorities possibility of withdrawing teams from some inactive sites. Decision on Indian policy for next few months on this subject may be made during Ansari visit. Accordingly, you might ask Ronning to make clear once more the great importance we attach to reducing team officers. Arguments are set out in letter of March 12† to Secretary

General and in my statement at Commission closing on April 10. He could urge that Ansari be empowered to work out in the Commission a plan for reducing team officers, on return here early in September.

2. See also my telegram 122 August 6† on Article 17.[11]

[T. LeM.] Carter

---

418. DEA/50052-A-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

Telegram 1833 Washington, August 7, 1958

Confidential. Priority.

Reference: Your Tel Y-264 Aug 5.

Repeat London, Paris, Delhi, Saigon, Phnom Penh from Ottawa (Information).

VIETNAM MAAG

Late yesterday afternoon we outlined to Kocher (Director, Office of Southeast Asian Affairs) your comments with respect to the USA proposal to replace TERM personnel with MAAG personnel in Vietnam. At the time of our interview Kocher had not repeat not received any report from the USA Embassy in Ottawa.

2. Kocher did not repeat not question any of the argument which you put forward. He enquired whether we saw any objection to the USA approaching the Indians on this subject, to which we replied by emphasizing your point that it was absolutely essential that the proposal be discussed with the Indians before any action might be taken. On the other hand we gave the State Department no repeat no encouragement that an approach to the Indians would be favourably received.

3. In connection with any possible approach to the Indians by the USA on this subject, Kocher said that the question of timing was important and wondered what our views might be on this point. We made reference to the fact that there was still some unfinished business with respect to the implementation of the Commission's decision regarding the import of war material into South Vietnam against export credits accumulated by the French. We said, however, that probably the most significant point on this question was that the Indians had been in the last few weeks pulled very hard in one direction by the Communist Chinese and the North Vietnamese and to subject them to similar pressures in the other direction in connection with the MAAG personnel proposal did not repeat not appear to be the most advantageous tactic at this time.

4. Kocher did not repeat not give the impression that the State Department is in any tearing hurry to go forward with their plan of substituting MAAG for TERM personnel.

---

[11] Note marginale /Marginal note:

In the light of advice we have had from Delhi about questionable value of too many approaches to Desai, it is probably preferable to sit tight on this for the time being. W.E. B[auer]

419. DEA/50052-A-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour la Direction de l'Extrême-Orient

Memorandum from Assistant Under-Secretary of State for External Affairs to Far Eastern Division

SECRET [Ottawa], September 10, 1958

UNITED STATES PROPOSAL TO LIFT MAAG CEILING IN VIETNAM

Attached is a memorandum from the United States Embassy setting out arguments for their proposal to lift the MAAG ceiling in Vietnam. The United States Minister called on me several days ago to make representations on the subject. During the course of this interview, he decided it would be better if the arguments contained in his telegrams were set forth in an Aide Mémoire and I readily agreed. The basis of the American argument, as you will note and the one which Mr. Thompson stressed, is that the Geneva Agreement does not specify the nationality of military personnel in the country and that the total of French and American military advisers at the time of the Geneva Agreement was considerably greater than any number they were proposing to reach under the new ceiling.

2. My impression was that the State Department had not grasped the fundamental basis of our concern on this subject. In their telegram to the United States Embassy, which Mr. Thompson showed me, there was an excessive emphasis on our concern with the reaction of the Communists to such a move. Needless to say, this was accompanied with some splendid statements about the free world not allowing itself to be bullied. They seem to have a completely garbled idea of our argument that it was not a very good time to press this on the Indians following the Indian concessions to our point of view on the adjournment in Laos and the question of military credits in Vietnam. I pointed out to him that the Indians had in both cases and more particularly in the latter stood out against extremely strong pressure from Hanoi and Peking. Mr. Thompson did say that they were agreeable to approaching the Indians but they did not intend to do so until the decision on credits had been implemented. I also emphasized the fact that although we naturally had to bear in mind difficulties that might be caused by a strong Communist reaction, this was not our principal worry. Our principal worry simply was that we would have to give our judgment in the Commission on the American proposal and that we did not see how we could honestly justify it on the basis of the Geneva Agreement. If the Americans could provide arguments to convince us that it was in accordance with the Agreement, we should be only too glad to study them.

3. I also took advantage of the opportunity on what I described as a very personal basis to mention the question of TERM. This, in no sense, was an official complaint but merely a suggestion of my own. I reminded him that on the question of TERM, the Americans, with some assistance from us, had been able to convince the Indians that TERM was within the spirit of the Geneva Agreement because it was designed to reduce military potential in Vietnam. However, I said that I knew some of our people in Vietnam were worried that some two years later there had been very little indication that the TERM Mission was liquidating itself and removing the war material. It seemed to me that it would be at least tactful to take some steps on that front before approaching the Indians again. He expressed appreciation for this suggestion.

4. Would you see that a reply is given to Mr. Thompson as soon as possible. In view of the way in which our position seems to have been misunderstood and misinterpreted by the

officers of the United States Embassy here, I wonder if it might not be desirable to try to shift the channel to Washington or at least to supplement our arguments through our Embassy. The officers of the United States Embassy here are not as familiar with the complex details of Indo-China as are Mr. Rae or Mr. Maybee and the appropriate officials in the State Department. If the Americans really think our views on this subject are as naïve as their arguments in rebuttal as sent to Mr. Thompson would suggest, then some clarification on our part is in order.

J.W. H[OLMES]

[PIÈCE JOINTE/ENCLOSURE]

Aide Mémoire de l'ambassade des États-Unis

Aide Mémoire by Embassy of United States

SECRET Ottawa, September 5, 1958

The Embassy has been instructed by the Department of State to approach the Canadian Government in connection with the United States proposal to lift the MAAG ceiling in Viet Nam.

The United States Government intends to discuss this proposal with the Indian Government at an appropriate time and shares the Canadian view which is, according to the Embassy's understanding, that an approach to the Indian Government before the implementation of the ICC credits decision is begun would be inadvisable.

In the meantime the United States Government would like to continue to discuss this proposal with Canada and the United Kingdom. It is believed by the United States Government that Article 16 is obscure and susceptible to different interpretations and that a tenable legal argument can be made along the following lines:

> Article 16 prohibits troop reinforcements and additional military personnel but at the same time provides for the rotation of units and groups of personnel in South Viet Nam within the July 20, 1954 ceilings.
>
> The prohibition on the reinforcement of troops has been whole-heartedly observed. At the insistence of the United States, Free Viet Nam forces were reduced from 200,000 regulars and 40,000 auxiliaries at the time of the cease-fire to 150,000. Furthermore, the French expeditionary force of approximately 200,000 has been withdrawn. Therefore, the former total troop strength of more than 400,000 has been substantially lowered and the question of reinforcement of troops is not pertinent. The military strength potential of South Viet Nam has not been increased since the cease-fire but in fact reduced. MAAG personnel are individuals chosen because of their skill to act as training advisors and are used as such. They are not combat troops. Consequently the troop reinforcement prohibition is not germane.
>
> On the question of "additional military personnel" Article 16 does not specify nationality and must, in the mind of the United States, include both United States and French military personnel as 342 United States military were in Viet Nam at the time of the cease-fire. There were at least 888 United States and French training advisors in TRIM, MAAG and various French Naval and Air training missions in South Viet Nam in 1955. Of the total of 888, which figure it is understood the ICC has never questioned, 546 have left and from a purely legal viewpoint the United States could bring in 546 military personnel for training purposes without increasing the previous total of post-Geneva advisors. The 350-man TERM were brought in temporarily for salvage and

disposal work and, because they are on a temporary basis, have never been considered as a part of the 888 total. The 888 figure has during the post-Geneva period been, in the opinion of the United States, the actual ceiling for training advisors in Viet Nam.

The United States Government wishes to emphasize that it has no intention of bringing the total training personnel (including both MAAG and TERM) up to the previous level of 888 even during the initial buildup of MAAG. However, authorization to raise the MAAG ceiling while TERM is still operating would be in the interests of United States taxpayers as it would allow MAAG to start acquiring sufficient personnel to do its job in the most effective manner. This task has become increasingly difficult to accomplish with the drastic reduction of the total number of training advisors in comparison to those heretofore permitted.

The increase of MAAG would permit the final reduction of United States military strength to below the present MAAG-TERM ceiling sooner than under present conditions because a more effective and more rapid overall job could be done.

The United States Government also feels that more rapid training of the South Viet Nam Army may be necessary in view of the possibility of a critical period resulting from closer Cambodian-Chinese Communist relations. This aspect is mentioned solely for the information of the Canadian Government.

The United States hopes that the foregoing legal argument, plus the consideration that the introduction of more MAAG personnel would expedite the eventual reduction of United States military personnel, will be favorably received by the Indians as it would be in accord with the general Indian desire for a reduction in military forces. It is emphasized that the increase in MAAG personnel is expected to be only temporary.

The United States Government understands that the Canadian Government is concerned over the Communist reaction to an increase in MAAG. It would like to point out that the Communists already claim that United States military personnel are far in excess of the actual figures. Pham Van Dong alleged in a cable of August 13 to the President of the United Nations General Assembly that there were more than 2,000 United States military advisors in Viet Nam and the Polish delegation in the ICC has claimed that 900 more United States military personnel have entered Viet Nam than departed in 1956-57. Because the Communist reaction to these imaginary figures has been limited to propaganda attacks, there is good reason to expect that their reaction to an actual increase would be similarly confined to propaganda. The United States believes that the North Vietnamese régime will find other pretexts for increasing armaments if it so desires. The United States further believes that the North Vietnamese reaction on the credits issue is motivated not by the hope of revising the ICC decision, but constitutes a tactic of exerting great pressure to intimidate the Indians and prevent future decisions by the ICC favorable to South Viet Nam. The United States considers that the free world should not be bullied by such tactics.

The United States Government wishes to assure the Canadian Government that it deeply appreciates the past Canadian helpfulness on ICC matters and hopes that it will be possible to arrive at a mutually satisfactory solution of the MAAG personnel problem.

T. T[HOMPSON]

420. DEA/50052-A-40

Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Under-Secretary of State for External Affairs
to Ambassador in United States

LETTER NO. Y-883 Ottawa, October 1, 1958

SECRET

Reference: Our Telegram 302, September 30.†

VIETNAM: MAAG

We informed an official of the United States Embassy yesterday of our reaction to the aide-mémoire on the above subject which the United States Minister here left with Mr. Holmes on September 5. We also provided him with some notes dealing, in the main, with our interpretation of Article 16. You will see from the attached copies of the aide-mémoire and the notes† that the State Department has not been convinced by our arguments. It seems probable, however, that the United States will not raise the subject of MAAG with the Indians until after the war materials credits problem is satisfactorily resolved.

2. In our discussion with the United States official, we tried to clear away some misconceptions which seemed to have arisen about our interpretation of Article 16, about the attitude of the Indians, and about our concern with respect to the possible Communist reaction to an increase in MAAG.

3. We suggested, first of all, that although both parties in Vietnam (and the South in particular) had been reported for a number of violations of the Cease-Fire Agreement, a condemnation by the Commission of an increase in MAAG would be, in all probability, a much graver finding than any during the past four years. The Communists would use an increase in the size of MAAG as grist for their propaganda mill in any event, but the tactic would be much more damaging if it were backed up by a condemnation of the increase by the Commission.

4. If unfavourable Commission action were to be avoided, the support of the Indians for the increase would be essential. It might appear that our interpretation of Article 16 smacked of purism, but this was not the case. We were looking at the article in the way we knew the Indians could be expected to look at it and, indeed, in the way we ourselves had interpreted it in the past. It would do no good to stretch the provisions of Article 16 into a shape which would accommodate an increase in MAAG unless the Indians could be brought around to agreeing that such an interpretation was a valid one. It was our opinion that the Indians would not accept the legal arguments contained in the United States aide-mémoire of September 5, although we ourselves would readily admit that, legal interpretations aside, an increase in MAAG would not be contrary to the spirit and the intent of the Cease-Fire Agreement.

5. In response to a question, we expressed the belief that the Indians would be sincere in any insistence on the strict interpretation of the CFA, and would not be using this as a convenient "out". We pointed out that, although the Indians had been subjected to a very strong pressure from Peking and Hanoi on the Article 17 issue, they had stood up to this and had acted in accordance with the interpretation of the article at which they had arrived.

6. We made it clear that it would be very embarrassing for us to defend an increase in MAAG by using flimsy interpretations of Article 16. Such behaviour would also tend to undermine our influence with the Indians, which is, after all, based to a large extent on our demonstrated willingness to be fair and reasonable and on our reluctance to clutch at straws in order to defend South Vietnam.

7. It was impossible to estimate the effect on Peking and Moscow. However, the possibility did seem to exist that even now they considered their security to be threatened by the withdrawal of the Laos Commission and by the Article 17 decision. Therefore, it seemed to us that any possible increase in the effectiveness of the South Vietnamese army which might result from an increase in MAAG would have to be weighed against the results of any action which might be taken by Hanoi.

8. We realize that our advice is not very palatable to the State Department. It is possible, of course, that they have not completely understood our reasoning, and we should be grateful, therefore, if you would talk to the appropriate officials once more if an opportunity presents itself, stressing the importance of avoiding condemnation by the Commission of any action which may be taken.

[PIÈCE JOINTE/ENCLOSURE]

Note pour l'ambassade des États-Unis

Note to Embassy of United States

SECRET [Ottawa, September 30, 1958]

As we have indicated previously, we understand the reasons for the United States proposal to lift the MAAG ceiling in Vietnam and emphasize that we are sympathetic to the proposal. We assume, however, that the United States Government would not wish to implement the proposal in a manner that would lead to a violation of the provisions of the Vietnam Cease-Fire Agreement. An attempt has therefore been made to find an interpretation of the Cease-Fire Agreement which would permit such an increase.

2. Article 16 of the Cease-Fire Agreement establishes the basic principle that "with effect from the date of entry into force of the present agreement, the introduction into Vietnam of any troop reinforcements and additional military personnel is prohibited," while the second paragraph of Article 16 provides for certain exceptions to this rule. It is our opinion that the general prohibition of the first paragraph applies not only to the opposing forces in Indochina, but also to the introduction of any foreign military personnel. This interpretation is supported by paragraph 4 of the Final Declaration of the Geneva Conference which, although not creating binding legal obligations, is a formal statement of policy which the parties must implement in good faith. This paragraph reads:

> "The conference takes note of the clause in the agreement on the cessation of hostilities in Vietnam prohibiting the introduction into Vietnam of foreign troops and military personnel, as well as of all kinds of arms and munitions."

It therefore seems probable that the first paragraph of Article 16 was meant to prohibit any increase in the actual number of forces in Vietnam and that the introduction into Vietnam of more United States military personnel would fall under the general prohibition.

3. The second paragraph of Article 16 provides for three different types of exceptions to the prohibition of the first paragraph: reduction of units or groups, return of individual personnel after short periods of leave or duty, and arrival of individual personnel on a temporary duty basis. This last category would be the only one which could possibly

include additional personnel for MAAG. However, even this interpretation would be subject to considerable strain, since presumably MAAG personnel would not be considered as individuals, but would be part of an organization, under the command of an officer and entering into Vietnam for certain definite purposes.

4. Difficulties are also raised by the fact that a majority of the Vietnam Commission has in the past interpreted the second paragraph of Article 16 as applying only to French military personnel. Under this interpretation, which has a great deal of validity, only the first paragraph of Article 16 would apply to United States personnel.

5. We agree with the argument that, because of the reduction of total troop strength in South Vietnam, the military potential there has been reduced. The introduction of additional MAAG personnel would not be a violation of the spirit of the Cease-Fire Agreement, which presumably was designed to maintain the balance existing between the two sides in 1954. However, for the reasons set forth above, an increase in the size of MAAG could be interpreted as a violation of the *letter* of the Agreement.

6. Despite the fact that there were at least 888 United States and French training advisors in South Vietnam in 1955, the International Commission has in the past dealt with MAAG as a separate organization and has accepted the figure 342 as the size of MAAG in July 1954. The South Vietnamese authorities have also used this figure (e.g. in the correspondence dealing with TERM). We do not recall any instance in which the Commission treated French training advisors separately from the French Union Forces. It might therefore be difficult to persuade the Indians that 888, and not 342, should be the actual ceiling for training advisors in Vietnam.

7. It has not been possible to find some interpretation of the Cease-Fire Agreement which would clearly permit the suggested increase in MAAG. It is possible, of course, to find an interpretation of Article 16 which might permit an increase, but the arguments outlined above are probably the arguments which would be used by the Indian Government if it were to consider the proposal to increase MAAG. The support of the Indian Delegation to the Vietnam Commission, of course, would be essential if an adverse ruling by the Commission were to be avoided.

8. We agree that, until now, it would appear that North Vietnam has limited itself to propaganda attacks. These attacks have been directed not only against alleged increases in the number of United States advisors in South Vietnam, but also against the adjournment *sine die* of the Laos Commission, and the Vietnam Commission's majority decision to grant South Vietnam credit for military equipment exported by the French Union Forces. This propaganda by itself is relatively unimportant, but there would seem to be a possibility that North Vietnam has been developing an irrational and ungrounded fear that its security may be threatened. In these circumstances North Vietnam at some stage might be tempted to take unwise and precipitate action which would greatly complicate the situation in Indochina.

421. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 395 Saigon, October 13, 1958

RESTRICTED

FAREWELL VISIT TO HANOI

On September 29 I went to Hanoi to pay my final calls on the representatives of the North Vietnamese Government. I was accompanied by Brigadier Ketcheson, the new Senior Military Advisor, and by Mr. MacLaren who is taking over for the time being as Permanent Representative in Hanoi. On October 2 I gave a reception in the Metropole Hotel, and as we had four or five team officers present as well as our representatives in Hanoi we were able to make quite a show of the "Présence Canadienne." The reception took place in a cordial atmosphere, as they say, and was graced by the presence of Mr. Pham Van Dong, the Prime Minister.

2. The PAVN gave me a lunch and as General Giap was out of Hanoi this was presided over by General Ta Quang Buu who you may recognize as the Vietnamese signatory of the Geneva Agreement. General Ta Quan Buu has not played much of a rôle in Commission affairs recently, and I did not recall meeting him before. It was, therefore, somewhat surprising when he rose and made a graceful little impromptu speech in excellent English. The others at the lunch included His Worship the Chairman of the Municipal Council of Hanoi, and those stalwart pillars of the PAVN Colonels Ha Van Lau and Mai Lam, as well as various people from the Commission.

3. To complete the proprieties I called on Prime Minister Pham Van Dong. He greeted me much as a father would greet a young man courting his daughter, and although he did not say in so many words, the whole burden of his remarks was: "Were my intentions honourable?" He referred to the ill-advised and precipitate Canadian-inspired decision for the adjournment of the Laos Commission, our notorious desire to bring to a close the arduous labours of the Cambodian Commission, our role in the decision on credits for war material and our proposal to withdraw half the teams in Vietnam. "Did all this mean," he earnestly inquired, "that the Canadian Government was trying to wind up the Vietnam Commission as well?" I tried to reassure the Prime Minister, telling him we had always felt that the Laos Commission should be wound up when its job was done and that our attitude about the Cambodian Commission was two and a half years old. I also told him that before leaving Ottawa I had been instructed to press for the withdrawal of a number of teams in Vietnam. Hence, he was wrong if he discerned in recent developments a basic alteration in Canadian Policy about the Vietnam Commission. I assured him that the Canadian government still considered that there was a job for the Vietnam Commission to do, but that it could be done with many fewer people. My assurances did not remove the worried look from Mr. Pham Van Dong's face and, not for the first time, he implied that the patience of the North Vietnamese had its limits. He concluded by asking me to convey to the Canadian Government his appreciation for the contribution of Canadian representatives to the work

of the Commission in the past, and his hope that we entertained no notion of trying to wind up the Commission.

T. LEM. CARTER

---

422. DEA/50052-A-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Under-Secretary of State for External Affairs

LETTER NO. 1493 Washington, October 15, 1958

SECRET

Reference: Your Letter Y-883 October 1.

VIETNAM — MAAG

We had a brief talk yesterday with Mendenhall, the State Department Vietnam Desk Officer concerning the State Department plans for tackling the problem of increasing the number of United States military advisors in Vietnam. Mendenhall said that the State Department appreciated receiving our views on this matter and appeared to follow our line of reasoning without difficulty. He gave the impression, however, that despite Canadian warnings on this subject the State Department is nevertheless determined to raise this problem with the Indians at a suitable time. In this connection he said that no approach would be made to the Indians until after the war materials credits problem had been satisfactorily resolved. Mendenhall said that the State Department had recently received a comprehensive report on this subject from their Embassy in Saigon which appeared to be based primarily on conversations with Mr. Carter. Mendenhall indicated that the State Department was somewhat disappointed at the slow rate of progress on this matter, though he added that it was appreciated that the Canadian Delegation to the International Commission was doing everything possible to move the matter forward.

S.F. RAE

2^e PARTIE/PART 2

FORMOSE ET LES ÎLES CÔTIÈRES
FORMOSA AND THE COASTAL ISLANDS

423. J.G.D. VI/842/Far East Coast Vol. 555

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], August 18, 1958

CHINA — THE FORMOSA STRAITS AND THE OFF-SHORE ISLANDS

The aggressive attitude shown by the Communist Chinese since the Middle East crisis has resulted in a considerable increase in tension in the area of the Formosa Straits. There has been some military build-up on the mainland coast opposite Formosa, notably in the grouping of jet aircraft, and this has, not unnaturally, provoked counter-moves from the Nationalists on Formosa. It is the general estimate that the Communists are not prepared to risk a major conflict by attacking Formosa or the off-shore islands of Quemoy and Matsu which, although lying very near to the mainland, are held by the Nationalists. It is thought, however, that as part of an harassing effort they may attempt to disrupt the Nationalists' communications between Formosa and the off-shore islands.

2. This raises questions relating to the defence of Formosa and the other islands. The mutual defence treaty between the United States and Nationalist China[34] commits United States forces to the defence of Formosa and the close-by Pescadores Islands. Moreover in 1955, when the Communist Chinese were threatening to dislodge the Nationalist garrisons from the off-shore islands of Quemoy and Matsu, Congress authorized the President of the United States to extend this protection "to include the security and protection of such related possessions and territories of that area now in friendly hands ...". This was generally assumed to refer to the off-shore islands, but that the United States wished to retain freedom of decision regarding intervention to defend the off-shore islands, as compared to the definite commitment with regard to Formosa, was shown by a statement of Mr. Dulles in February 1955, that there was no commitment "to defend the coastal islands as such."[35] Then he went on to refer to their importance as links to Formosa. During the 1955 incidents the United States persuaded the Nationalists to evacuate some of the more exposed coastal islands so as to lessen the chances of a serious clash.

---

[34] Pour le texte du traité de la défense, voir United States, Department of State, *Bulletin*, volume XXXI, n° 807, December 13, 1954, p. 899.

For the text of the defence treaty, see United States, Department of State, *Bulletin*, Volume XXXI, No. 807, December 13, 1954, p. 899.

[35] Dulles a fait cette déclaration dans un discours prononcé le 16 février 1955 devant la Foreign Policy Association à New York. Voir United States, Department of State, *Bulletin*, volume XXXII, N° 818, February 28, 1955, pp. 327 à 331.

Dulles made this statement in a February 16, 1955 speech to the Foreign Policy Association in New York. See United States, Department of State, *Bulletin*, Volume XXXII, No. 818, February 28, 1955, pp. 327-331.

3. At the time there arose in the public mind an apprehension that Canada might in some way become involved, if hostilities broke out as a result of Communist Chinese action in the Straits of Formosa, because of the subscription of Canada (together with the fifteen other nations which had fought the Korean war) to a "Warning Declaration" relating to the Korean armistice of July 27, 1953.[36] This declaration stated *inter alia* that: "We affirm in the interest of World peace, that if there is a renewal of the armed attack, challenging again the principles of the United Nations, we should again be united and prompt to resist. The consequences of such a breach of the armistice would be so grave that, in all probability, it would not be possible to confine hostilities within the frontiers of Korea." This declaration was of course intended to deal with renewed aggression by the Communists in Korea and not elsewhere. The Canadian Government's position regarding the Formosa Straits was stated by Mr. Pearson, who said in the House of Commons on January 25, 1955 that: "Although we are not involved in United States' commitments in this area, we are of course deeply concerned over the dangerous situation existing there and we, with other free governments, are anxious that steps should be taken to bring to an end the fighting which has now been taking place for some time along the China coast." More explicitly, he stated in a speech on March 14, 1955 that: "We have accepted no commitment to share in the defence of either Formosa or the coastal islands or to intervene in any struggle between the two Chinese Governments in the possession of these two off-shore islands."[37]

4. The publicity given to the recent increase of tension in the Formosa Straits may lead to questions in the House about the Canadian position. If so, you may wish to use the attached draft statement† as a basis for your reply.

J. L[ÉGER]

---

424. DEA/50056-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], August 27, 1958

SITUATION IN THE TAIWAN STRAITS

General Situation:

The Chinese Communist military build-up in the coastal area of the Taiwan Straits has continued, particularly in aircraft and artillery. Intelligence reports indicate that the Communists now have the capacity to cut off by air and naval blockade the off-shore islands (Quemoy, Matsu and adjoining small islands such as the Tungting and Wuchu groups) from their supply-lines with Formosa and to capture some of the small islands by sudden assault. Intelligence estimates do not suggest a major attack on Formosa or a frontal assault on Quemoy or Matsu, although the latter two possibilities are being taken into account.

---

[36] Voir Canada, Ministère des Affaires extérieures, *Affaires Extérieures*, volume 5, N° 9, septembre 1953, p. 272.
See Canada, Department of External Affairs, *External Affairs*, Volume 5, No. 9, September 1953, p. 268.

[37] Pearson a fait cette déclaration dans un discours prononcé le 14 mars 1955 devant le Canadian Club à Toronto. Pour des extraits de ce discours, voir Canada, Department of External Affairs, *Statements and Speeches*, 1955, N° 8.
Pearson made this statement in a March 14, 1955 speech to the Canadian Club in Toronto. See Canada, Department of External Affairs, *Statements and Speeches*, 1955, No. 8.

United States Position:

2. As you know, the mutual defence treaty between the United States and Nationalist China commits United States forces to the defence of Formosa and the close-by Pescadores islands. The President of the United States was authorized by Congress in 1955 to extend this protection "to include the security ... of such related possessions and territories of that area now in friendly hands ... ." The United States has been careful to leave itself a free hand, however, in deciding its course of action if the off-shore islands should be attacked. Mr. Dulles in 1955 said that there was no commitment "to defend the coastal islands as such" but he referred to their importance as links to Formosa. In a recent letter (August 23) to the Chairman of the House Foreign Affairs Committee, Mr. Dulles wrote that the Chinese Communist build-up "suggests that they might be tempted to try to seize forcibly the Quemoy and Matsu islands. As you know, these islands have been continuously in the hands of the Republic of China and over the last four years the ties between these islands and Formosa have become closer and their interdependence has increased. I think it would be highly hazardous for anyone to assume that if the Chinese Communists were to attempt to change this situation by force and now to attack and seek to conquer these islands that could be a limited operation. It would, I fear, constitute a threat to the peace of the area. Therefore, I hope and believe that it will not happen."[38]

3. A dangerous aspect of the situation is revealed by intelligence reports and messages from our Embassy in Washington, which suggest that United States authorities believe that whether the Communist Chinese follow up their initial military probings in the Taiwan Straits depends upon the sharpness of the reactions of the Chinese Nationalists and of the United States. State Department officials have pointed out to our Embassy in Washington that, if the supply lines to the coastal islands were seriously threatened, the only effective counter-measure which could be taken by the Nationalists would be attacks upon Communist airfields and that, in the opinion of United States military authorities, it would be difficult to limit the action which in these circumstances would have to be taken to relieve the Nationalist position. The State Department have also told us, however, that the United States is exercising restraint upon the Chinese Nationalists.

Chinese Intentions:

4. The State Department are so far taking a calm view of affairs. They consider that the primary aim of the Chinese Communists is to test the reactions of the USA and Nationalist China; a secondary objective might be the taking of some of the smaller in-shore islands. They are encouraged by the fact that in their internal propaganda the Chinese Communists are taking a defensive line and claiming to be retaliating against Nationalist Chinese provocations. They interpret this to mean that the Chinese Communists are leaving themselves a way of withdrawing without loss of face. The British appear to agree generally with the United States estimate of the situation. It is a reasonable assumption that Peking's action is being taken with Soviet concurrence, since it followed so closely upon the Mao-Khrushchev meeting. The following speculative comments might also be made about Peking's action in re-kindling tension in the Taiwan Straits:

---

[38] Voir/See United States, Department of State, *Bulletin*, Volume XXIX, No. 1002, September 8, 1958, p. 379.

(a) It accords with the generally accepted view that Communist China, for internal political reasons, is opposed to a détente between East and West at this time.

(b) It tends to isolate the United States from its allies, most of whom have misgivings about United States commitments to the Chiang Kai-shek régime.

(c) It may, by focussing world attention on the danger inherent in the unsolved China problem, herald another drive to get Communist China admitted into the United Nations.

(d) The Chinese régime may feel sufficiently confident and belligerent to attempt to take the off-shore islands by assault, thus ridding itself of a threat to its commerce, enhancing its military prestige and facing the United States with some very difficult decisions.

Canadian Position and NORAD Implications:

5. On August 25, you stated in the House of Commons that "the Canadian Government has no commitment to involve itself in a dispute over the territory between the two Chinese authorities." We must recognize the fact, however, that the possibility of the United States becoming engaged in hostilities against Communist China, the main ally of the Soviet Union, includes the danger of the USSR also being involved. This would raise at once the question of "alerts"[39] against attack on the North American continent.

6. In case of aggravation in the clash between the Nationalists and the Chinese Communists, the question may arise as to Canada's position as a result of our NORAD commitments.[40] Our commitments under NORAD are qualified, on the one hand, by the strictly defensive character of NORAD and, on the other, by the fact that CINCNORAD is concerned exclusively with the air defence of the continental United States, Canada and Alaska. As long, therefore, as an attack does not develop against the North American continent, or an attack is not considered imminent, NORAD forces are not affected. Short of these situations, NORAD forces would be affected if CINCNORAD decides to take defence precautionary measures as a matter of prudence and caution. In such a case, CINCNORAD would increase the state of readiness of the Air Defence forces under his operational control after having informed the Canadian and United States Chiefs of Staff of his intentions. As you will recall, such steps were taken by CINCNORAD at the time of United States military operations in Lebanon. The increased readiness measures taken by CINCNORAD involved, mainly, increasing the numbers of aircraft ready to take off, and increasing the number of radar personnel in a position to undertake the ground control of aircraft interception. A similar situation could result from a chain of events provoked by Chinese Communist attacks on the Nationalist-held off-shore islands (of Quemoy and Little Quemoy). If this were to materialize, you might consider that Canada would justify CINCNORAD's decision in the same way we did when the state of readiness of our air defence system was increased during the Lebanon crisis, e.g. that this was the type of decision which our own air defence authorities would have taken in the circumstances had they been operating on their own rather than as part of an integrated system.[41]

J. L[ÉGER]

---

[39] Voir le premier chapitre, 4ᵉ partie, section 3.
See Chapter I, Part 4, Section 3.

[40] Pour les documents se rapportant à l'état de préparation accru de NORAD par suite de la crise relative aux îles côtières, voir le premier chapitre, 4ᵉ partie, section A.

For documents pertaining to NORAD's increased state of readiness as a result of the coastal islands crisis, see Chapter I, Part 4, Section A.

[41] Note marginale :/Marginal note:
I can see this! S.E. S[mith]

425. DEA/50056-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], September 4, 1958

TAIWAN STRAITS — THE OFF-SHORE ISLANDS

On August 30 you replied in the affirmative to a question from the Leader of the Opposition whether the Canadian position had been brought to the attention of the United States Government. In view of the fact that the Taiwan crisis continues, with the danger of United States forces becoming involved in hostilities, you might now think it advisable that an elaboration of the Canadian attitude should be given confidentially to the United States authorities. We have been informed in confidence by Earnscliffe that the British Ambassador to the United States, Sir Harold Caccia, acting on instructions, informed Mr. Herter, the American Under Secretary of State, that the United Kingdom attitude was the same as that enunciated by the Churchill Government in 1955, i.e. that it would be difficult to support military action to defend the off-shore islands. The Prime Minister of New Zealand stated in Parliament on September 3 that Taiwan and the off-shore islands lay outside the area covered by the Manila Treaty (SEATO).

2. It would probably be best for Canadian views to be presented orally to the United States Ambassador. You might wish to do this yourself, or alternatively you might prefer that I should see him. If you agree with this proposal, the case might be explained to him along the lines of the following paragraphs:

The Canadian Government is viewing with increasing concern the possibility of the outbreak of large-scale hostilities in the Straits of Taiwan involving United States forces. In such an eventuality there would in any case arise a specific Canadian interest, because of the bearing which the ensuing condition of military tension might have upon the "states of readiness" arrangements for the defence of the North American Continent under the NORAD Agreement. These, if invoked, would affect the forces of both our countries, even though only the United States would be involved in the actual situation giving rise to their invocation. We believe, indeed, that there is an obligation for us to consult with the United States Government when it appears that a situation of this sort may arise.

The Ambassador will be aware of the Minister's statement of the Canadian position to the House of Commons on August 25 — that the Canadian Government has no commitment to involve itself in a dispute over the off-shore islands between the two Chinese authorities. This statement reflects the Government's recognition of Canadian sentiment that the quarrel between the Chinese over off-shore islands which are unquestionably Chinese territory ought not to provide the possibility of the outbreak of a general conflict.

We appreciate the strong reasons which prompt the United States to protect the Chinese Government on Formosa and we are aware of the United States' commitments to aid in the defence of that major island. The exchanges of view on China which took place during the meetings last July between President Eisenhower and Prime Minister Diefenbaker were distinguished by their frankness.[42] In this spirit we should be remiss if we did not inform our United States friends that Canada would find it very difficult to support military intervention in defence of the Chinese off-shore islands. Public opinion of such action would be adverse in this country and, we suspect, in many others. In this regard there would be, in our view, a considerable likelihood that, if the Taiwan Straits situation were to come before the United Nations as a threat to the peace, there might be a considerable expression of opinion favourable to the Chinese Communist claim so far as the off-shore islands are concerned, if not Taiwan itself.

---

[42] Voir/See United States, Department of State, *Bulletin*, Volume XXIX, No. 1004, September 22, 1958, pp. 445-46.

In considering the risks to world peace attendant on the difficulties which the Chinese Nationalists must experience in defending islands situated so close to the mainland, we wonder whether it would not be possible eventually to persuade the Chinese Nationalist Government to withdraw its forces from the off-shore islands. It is our understanding that at the time of the signing of the Mutual Defence Treaty in 1955 between the United States and China, President Chiang Kai-shek undertook not to attack the Chinese Mainland or to take other provocative action without the consent of the United States. The subsequent heavy garrisoning of the islands close to the Chinese Mainland, which would seem to have little military value while being very difficult to defend, appear to provide an excuse for the Chinese Communists to charge provocation. Chinese Nationalist withdrawal from these advance posts and consolidation upon Formosa might in reality result in the ultimate simplifying of the Chinese Nationalist military position. As things now stand, the 40,000 troops on Quemoy seem to be in an exposed position where their loss to the Nationalists is a possibility. Withdrawal would almost certainly lessen the Chinese Communists' chances of gaining general support for their claims upon Taiwan. Admittedly, such a tactical withdrawal would be very difficult in the face of the type of military pressure now being exerted by the Chinese Communists, and would be to some degree hazardous in "normal circumstances." If the Chinese Nationalists could be persuaded to agree to it, however (as they withdrew from the Ta Chen Islands in 1955), there might be the possibility of effecting the withdrawal by some bargaining with Peking. We should be glad to have the views of United States authorities on the desirability and the possibility of eventually persuading the Chinese Government on Formosa to withdraw its forces from the off-shore islands.

J.W. H[OLMES]
for Under-Secretary of State
for External Affairs

---

426. DEA/50056-B-40

Le secrétaire d'État des États-Unis
au secrétaire d'État aux Affaires extérieures

Secretary of State of United States
to Secretary of State for External Affairs

TOP SECRET Washington, September 4, 1958

Dear Sidney [Smith]:

I have just come back from Newport where I spend a couple of hours with the President discussing the situation in the Formosa Straits. After a good deal of thought, it was determined that I should issue, with the President's authority, a statement of which I enclose a copy herewith.[43]

I know that many people will feel, as indeed we do, that it is regrettable that these grave issues should revolve around what are intrinsically areas of minor importance. I can say to you in confidence that we have in the past several times made serious efforts to bring about a disengagement of the Chinese Nationalists from the off-shore islands. We have, however, never pushed these efforts to the point of attempted coercion because we have come up against realization of the hard fact that the ability to keep Formosa in friendly hands has not been separable from the continued holding by the National Government of these islands. So we have to face the situation as it is, and that in our opinion means that a fallback and Communist victory at this point will commence a rollback which will extend first of all to Formosa itself and then to other areas with the consequences which could be very serious indeed. So we have made the statement which I referred to. It is not, of course, an irrevocable and final commitment to act. It does, however, indicate that under certain circumstances we shall not hesitate to act. We hope and believe that this statement will have a deterrent effect and that hostilities will die down.

The President wanted me personally to explain our position to Mr. Diefenbaker and yourself, as we count greatly upon the sympathetic understanding of your Government.

Sincerely yours,
JOHN FOSTER DULLES

---

427. DEA/50056-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM Y-107 Ottawa, September 6, 1958

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: My Tel Y-106 Sep 6.†
Repeat London, Permis New York, Paris, NATO Paris (OpImmediate) (Information).

TAIWAN STRAITS

United States Ambassador called on the Minister yesterday morning to present to him a personal message from Mr. Dulles concerning the situation in the Taiwan Straits.

2. After reading this letter, Mr. Smith told Mr. Merchant that the Canadian Government was gravely concerned over the situation and very much worried about the risks involved. He said that he had just discussed the question with the Prime Minister and the Prime Minister had asked him to express to the Ambassador the Government's concern. Mr. Smith referred to the state of public opinion on the subject in Canada. He had seen very little opinion in the press in support of the American position. Canadian opinion for the most part failed to see the importance of the relation of the off-shore islands to the defence of Taiwan. Our concern was related to some extent to our commitment with the

---

[43] Voir/See United States, Department of State, *Bulletin*, Volume XXIX, No. 1004, September 22, 1958, pp. 445-46.

United States in NORAD although he did not wish to suggest that it was for this reason only as we would be involved with the United States whether or not NORAD existed. Our problem had been illustrated over the past weekend, for example, when the possibility arose of a declaration under NORAD of a state of readiness because of the Chinese situation. It would have been very embarrassing if at a time when the Minister was assuring the House of Commons that Canada had no commitments, Canadian forces were being put in a state of readiness as a result of an order from Colorado Springs. He recognized the American difficulties but wondered if it would not be possible to find some way out. Could consideration be given, for instance, to some neutralization of the disputed area for the time being? He hoped the Americans would try to restrain the Nationalist Chinese and wondered if any pressure could be put on the Communist Chinese. We had wondered if the British might use their slight influence in Peking or whether we would persuade the Russians to restrain the Chinese. He had been so discouraged by the Indian position during the special session that he doubted whether it was worth while seeking Indian intervention.

3. Mr. Merchant began by saying that the Untied States found themselves in a very difficult spot. They recognized that the interests of the Chinese Nationalists were not always identical with the interests of the United States. He referred to the fact that several years ago the United States had persuaded the Nationalist Chinese to withdraw from the Ta-Chen island and had covered that withdrawal with their own forces. It had not been possible, however, to persuade the Nationalists to abandon Quemoy and Matsu which covered the Port of Amoy. In answer to a question from Mr. Smith, he said that the United States was not committed by its treaty with Nationalist China to assist in the defence of these islands. Their commitment was only in the defence of Taiwan and the Pescadores. However, their position was that they would assist in the islands insofar as a threat to the islands involved a threat to the Mainland of Taiwan. In answer to a question as to whether the Americans had sought to persuade the Nationalists to withdraw from the off-shore islands, and whether if the situation should calm down again, they might renew their effort, Mr. Merchant affirmed that the United States had in fact tried to do so and indicated that he thought there was a possibility that they might try again at a time when they would not be doing so under a direct threat of force. Mr. Merchant did not specifically refer to the Minister's statements in the House but indicated his hope that there would be no more awkward questions requiring further statements. The British, he knew, did not agree with American policy and had expressed these views in Washington. Nevertheless, the British had publicly supported the Americans and they were grateful for this. Any indication that the United States could be isolated on this issue would encourage the Communists.

4. At the conclusion of the interview, Mr. Smith assured Mr. Merchant that he would give serious consideration to the letter from Mr. Dulles and the text of Mr. Dulles' statement yesterday which was enclosed and he would show these to the Prime Minister.

428. DEA/50056-B-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM Y-283 Ottawa, September 8, 1958

SECRET. OPIMMEDIATE.

Repeat Washington, Permis New York, Paris, NATO Paris, New Delhi (Canadian Eyes Only) (OpImmediate) (Information).

SITUATION IN THE STRAITS OF FORMOSA

Please deliver following personal message from Prime Minister Diefenbaker to Prime Minister Macmillan, Begins:

I have been seriously concerned, as I am sure you are, over the dangerous situation that has arisen on the Chinese coast. If United States forces become involved I can see little prospect of confining the area of conflict and I cannot believe that the retention by the Chinese Nationalists of islands so close to the Mainland can be held to justify so grave a risk. The Americans find themselves in an extremely difficult position and if something is not done we may all be involved in the consequences in a manner not readily defensible before world opinion. We are most anxious not to make the American problems more difficult by public statements, but we have conveyed through the United States Ambassador our deep anxiety and our serious doubts about the wisdom of the course they are pursuing, and have reminded them of Canada's special concern over possible consequences in view of the continental defence relationship represented by our shared responsibilities under NORAD.

2. I have been so alarmed by the recent indications of the Americans' intentions that I alluded in the House of Commons on September 5 to the possibility of invoking the good offices of the United Nations for finding a settlement. My intention in doing so was not to take any specific initiative at this stage, but rather to put up for international consideration the necessity of making use of all available possibilities to avoid a drift into spreading conflict. We are all fully conscious of the obstacles in the way of a settlement by United Nations processes, and yet if the situation deteriorates much further, surely we cannot avoid considering in the Security Council ways of preserving the peace. Public opinion in Canada is becoming increasingly critical of American policy, and I am sure the Canadian people would insist on an effort at settlement through the United Nations before becoming implicated over an issue on the merits of which they have great doubts.

3. I think that our views on these questions have been close together, and I understand from my officials that in London consideration has been given to the possibility that the subject might come into the United Nations. Unless there is some improvement, it is almost certain to be debated when the Assembly opens in ten days' time. Disturbed as I am about United States policy, nevertheless, I should want to do everything to avoid a humiliation for the United States, and I fear that there might be a strong majority against them in the Assembly. The Security Council is undoubtedly the proper place for considering such an issue and I believe that the Council is still seized of it in consequence of the New Zealand initiative in 1955. We would naturally want to prevent the discussion from resulting in a charge against the United States. I am inclined to think that we should try to avoid

examination of the substance of the issue in the Security Council, as there would be no hope of progress and it would establish a polemical tone which would not at all help achieve an agreement. It would of course be foolish to imagine that any settlement of so complex an issue could be achieved swiftly in the Security Council. All we could hope to do would be first perhaps to seek a cease-fire and then to establish some possibility of negotiation which could take some of the heat out of the present situation.

4. In my statement I deliberately referred to the good offices of the United Nations as I was thinking not so much of conventional Security Council action as of an attempt to exploit the various resources of the United Nations for conciliation. In such a situation the Secretary-General is of course in a sound position to approach both sides, although I recognize that he is already overburdened and I hesitate to burden his capacities too insistently. I have been wondering if one or more persons could be selected to use their personal good offices, possibly along the lines established in the dispute between France and Tunisia. Alternatively, a good offices commission of possibly three countries, one of which could effectively deal with Peking and one of which could deal with Taipeh, would be useful.

5. In such proposals, there is of course implicit a practical recognition of the Peking régime, which I realize that the United States would not like. I recognize of course that Peking may refuse to deal with the United Nations as has happened in the past. On the other hand the fact of the United Nations making an official approach to them with all that that implies may have attractions for them as a peaceful alternative to their present tactics for securing control of the off-shore islands. Such procedure however would surely go no further than the Geneva Conference of 1954 on Indo-China in which both the United States Government and the Peking Government participated, and the subsequent meetings between Americans and Communist Chinese in Geneva.

6. I have been encouraged over the week-end by the Chinese Communists' offer to resume these bilateral talks and of reports that the American response has been affirmative. I earnestly hope that this development may arrest the dangerous drift towards war. If the Americans and Chinese get into direct negotiations with each other in this way, then action by the United Nations may be unnecessary. Should the situation deteriorate again however then it may be that the Security Council should give its blessing to these discussions and should try to get them to achieve something. It is hard to see on what they could agree at present, but it might be that after lengthy negotiation some compromise could be reached for peacefully settling the disposition of the islands. We might seek some formula to move the Americans away from the rigid position they have previously taken in these meetings on the subject of the off-shore islands. If this came to mean a voluntary evacuation of the Nationalist forces it would in fact achieve what I think we shall have to press the Americans to bring about in any case if the present Communist offensive should subside. I note that today's press despatches from Washington indicate that some thought is being given to this. There is difficulty also in the American insistence that the Communists must first renounce the use of force, because this in effect confirms the status quo on the islands and offers to Peking no possibility of a peaceful solution to the dispute. I have been wondering if the Americans and Chinese might be urged to agree on a formula which would mean the renouncing of the use of force while a peaceful solution is sought by some means to be established.

7. I am only too well aware of the difficulty of pressing ideas of this kind. Nevertheless I am convinced that we cannot go on any longer moving from crisis to more serious crisis in this area. However difficult it may be for the Americans and for ourselves, I think that we must use this dangerous situation to establish the means by which there can be a slow and arduous unravelling of relations with China.

8. I have put forward these tentative ideas to you because I would very much like to have your views. As close friends of the United States I think we have the responsibility to try to help them over this difficult situation. You will be interested to know that I had a talk with Mr. Casey and had the benefit of his views before making this reference to United Nations action. Ends.

SIDNEY SMITH

---

429. DEA/50056-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2202 Washington, September 10, 1958

SECRET. OPIMMEDIATE.

Repeat London, Permis New York, Paris, NATO Paris (OpImmediate) (Information).

SITUATION IN TAIWAN STRAITS — DISCUSSION WITH MR. DULLES

On my return to Washington, I called on Mr. Dulles. Our discussion was mainly concerned with the situation in the Taiwan Straits. I took the opportunity to pass on to him your personal reply† to his own message, transmitted earlier through the USA Ambassador in Ottawa.

2. The Secretary said that he fully shared your concern and that of the Prime Minister about the implications of the situation in the Straits area, to which most of his press conference yesterday morning (on which we have reported separately) was directed.[44] I think it would be accurate to say that Mr. Dulles appeared to be actively canvassing in his own mind various practical steps which might help somewhat to lower the temperature. He began by emphasizing that he was deeply concerned about the situation in the Far East, of which the current crisis in the off-shore islands was the latest and most difficult manifestation. The USA had security responsibilities in the Pacific area, and obligations affecting other countries on China's borders (he mentioned in addition to Taiwan, Japan, Korea, Okinawa, the Philippines and Vietnam). These island countries and areas formed with USA assistance the main Pacific defences against aggression. Unlike the position in Western Europe, with its defensive depth, its manpower and industrial resources, these Pacific islands and states formed a much weaker defensive chain. The position in Japan was far from strong, and Mr. Dulles referred briefly to the talks that he would be having with the Japanese Foreign Minister. If the Communists, both Chinese and Soviet, had their way, and if to Soviet military might could be added the manpower potential of Communist China and the industrial and technical resources of Japan, the eventual global threat would become menacing indeed.

3. Mr. Dulles indicated that the State Department was carefully examining the reports from China on the way in which the crisis was being handled both domestically and internationally. It had been his impression that at an earlier stage the belligerent statements

---

[44] Voir/See United States, Department of State, *Bulletin*, Volume XXIX, No. 1005, September 29, 1958, pp. 485-93.

directed at the Chinese Nationalists and at foreign opinion generally had been offset by a quieter tone in Chinese Communist domestic treatment. He noted, however, that over the last few days their reports indicated a tendency to play up the current crisis to a greater extent internally, and this might be a disturbing sign. He also mentioned the fact to which Freers had referred earlier that the Soviet Note of September 7 to the President[45] had ignored the declared willingness of the USA to resume direct diplomatic discussions, and in general had adopted a fairly strident tone.

4. Mr. Dulles mentioned that the President's statement of Saturday last indicating the readiness of the USA to resume talks in Warsaw[46] had been transmitted to the USA Ambassador in Warsaw, Beam, for communication to Wang Ping Nan. He mentioned that Beam had tried to learn on two occasions when the Chinese would be ready to resume talks, and had now been instructed to forward a written communication to this end. Mr. Dulles said that he felt very strongly that nothing could be gained at this time by a weak posture. At the same time, he conceded that the present situation had its element of risk, but he thought that this risk was less than it would in fact be later on if the USA position were to weaken now. He mentioned that at his press conference this morning he had been asked about the possibilities of UN action. On this point, he recalled the abortive New Zealand initiative of January 1955, and the line then taken by the Communist Chinese that the off-shore islands issue was essentially a domestic dispute (a similar line to that which they had taken in the early stages of the Korean crisis). On his reading of the Khrushchev Note of September 7, he was very much afraid that the reference to UN action, in the Soviet mind, was intended as forecasting a UN offensive bringing up charges of provocation and aggression on the part of the Chinese Nationalists and of the USA. He was not repeat not himself thinking of bringing the question before the UN but recognized as a practical matter that if it should be opened up in the UN, it would not repeat not be possible to limit the scope of discussion. He indicated that UN action might become all the more likely if no repeat no progress is made in the direct talks in Warsaw now envisaged. He did not repeat not appear to be very optimistic about the prospects of these direct talks.

5. I asked him whether any thought had been given to the possibility of trying to bring about direct talks between representatives of the two Chinas, in order to face each side with the responsibility for present courses of action, and to reduce the explicit involvement of the USA. Mr. Dulles expressed the view that because of the emotions involved on both sides, this would be extremely difficult to arrange, and he thought that any explorations of Chinese Communist attitudes could best be done by the USA through the bilateral talks to be held in Warsaw. He pointed out that the USA could not repeat not force Chiang Kai-shek to give up the coastal islands, and said that excessive pressure to do so would only have the effect of destroying the Nationalist position on Taiwan and of bringing about some substitute régime which would be amenable to Communist pressures.

6. The approach to which he seemed to be giving the greatest personal attention was the more limited one of seeking to clarify and control Chinese Nationalist activities in the area which might be regarded as provocative by the other side. He said that information on Chinese Nationalist activities of this character was difficult to come by in a reliable way, but he thought that a number of points of this kind should be promptly studied. He mentioned, for example, that the recent aerial action in which a number of MIG aircraft off

---

[45] Voir/See United States, Department of State, *Bulletin*, Volume XXIX, No. 1005, September 29, 1958, pp. 499-503.

[46] Voir/See United States, Department of State, *Bulletin*, Volume XXIX, No. 1004, September 22, 1958, pp. 446-47.

Swatow had been shot down had not repeat not been carried out with USA knowledge or approval, and gave this as an illustration of the problems facing the USA in the area. He understood there had been some high level overflights for photographic purposes, but he thought that aerial leaflet-dropping operations over the Mainland had been stopped. There were real difficulties in restraining the Nationalists, but so far the Nationalists had been restrained from attacking the Mainland by air. He agreed too with the suggestion that the Nationalist quasi-blockade of the China coast might be looked at with a view to its abandonment.

7. We gathered the impression that by reviewing the range of Chinese Nationalist activities the USA authorities would make every effort to reduce the possibilities of local friction to the greatest extent possible. It was also our impression that the USA authorities are open minded to suggestions consistent with their obligations (and short of "appeasement") which will ease current tensions and permit the present potential conflict to be deflected into the channels of discussion and possibly negotiation.

---

430. DEA/50056-B-40

Le premier ministre du Royaume-Uni
au premier ministre du Canada

Prime Minister of United Kingdom
to Prime Minister of Canada

TOP SECRET [London], September 12, 1958

Since I got your last message we have naturally been considering the Far East situation further.

In order to make our position clear I have today authorized the Foreign Office to issue the following guidance to the Press :

(1) We have no obligation or commitment of any kind to take military action for the defence of Quemoy, Matsu or Formosa. Our only obligations are those in accordance with the Charter of the United Nations. As was stated in Washington yesterday, the United States Government have neither sought nor received promises of British support in the event of war over the Chinese off-shore islands.

(2) With regard to the present situation, we regret the current indications that the Chinese Government wishes to settle the problem of the off-shore islands by force. We hope that further attempts will be made to solve the problem of the status of the off-shore islands by peaceful methods. The diplomatic discussions in Geneva since 1955, although they did not result in a solution, did seem to reduce the tension in the area. We regret that the Chinese Government should appear to be reverting to military methods. We strongly approve President Eisenhower's statement yesterday that he wishes these differences to be settled by way of negotiation. We hope that talks, whether in Warsaw or elsewhere, between representatives of the two Governments will begin speedily. We also welcome the President's statement of his hope that the United Nations could exert a peaceful influence on the situation if the bilateral talks do not fully succeed.

(3) It is important that the real issue should be appreciated. The immediate question is not the present or future status of the off-shore islands, it is whether a dispute of this nature should be settled by force; and upon that point we strongly support the American position.

I hope that this will serve to emphasise our feeling that the immediate necessity is to discourage the use of force in this case. I trust that you will agree with the line which we have taken, and I thought that you would like to have the guidance which we are issuing as soon as possible.

---

431. DEA/50056-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET Ottawa, September 12, 1958

SITUATION IN FORMOSA AND THE OFF-SHORE ISLANDS

The U.S. Ambassador came in to see me to discuss the situation in the Far East. He was particularly anxious to know the Prime Minister's reaction to President Eisenhower's statement. I told him that it was likely that the Prime Minister would refer to the President's speech[47] in the course of the day and that he would probably welcome the references in Mr. Eisenhower's speech to the direct talks between U.S. and Chinese Communist representatives as well as his comments on the possibility of the influence of the United Nations being brought to bear upon the situation.

Mr. Merchant commented that "we may now be over the hump although the Chinese Communists have it in their power to continue to create serious complications in the region."

Mr. Merchant then asked me what I thought of the situation. I replied that I would like to restrict my comments to one aspect of developments in the Off-shore islands over the last few years which was causing me most serious concern. Recalling the situation of 1955, I pointed out that at that time we had taken the line in our discussions with the State Department that one of the complicating factors in the situation was the military build-up in the Off-shore islands.[48] We then thought it was a mistake to have too high a percentage of Chiang Kai-shek's forces on those islands. Three years later we were faced with a situation where an even higher proportion of nationalist forces were stationed on Quemoy and Matsu. This in my view was the crucial factor in the present situation, one which could have been avoided mostly through United States pressure on Chiang Kai-shek.

Mr. Merchant did not disagree although he said there were limitations to the pressure that could be put on an ally. Speaking very privately, he added that when the history of this crisis was written, it was not unlikely that it could be proved that some American Commanders on the spot had supported Chiang Kai-shek in building up the Off-shore islands. Notwithstanding the complications, however, he thought that some way could be found whereby the islands could be "disentangled" from the problem of Formosa. I replied I very much hoped so, since neither strategically nor politically the islands added much, if anything, to the defence of Formosa and the Pescadores. Indeed, I believed that one of the weakest points of the United States argumentation over the future of the Off-shore islands was related to the relationship that the Administration was establishing between the defence of Formosa on the one hand and Quemoy and Matsu on the other. No one in his right mind could honestly believe that the Chinese Communists had it in their power today to invade Formosa and the Pescadores.

---

[47] Voir/See United States, Department of State, *Bulletin*, Volume XXIX, No. 1005, September 29, 1958, pp. 481-84.

[48] Voir le volume 21, chapitre VII, 4^{e} partie./See Volume 21, Chapter VII, Part 4.

J. L[ÉGER]

---

432. DEA/50056-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2231 Washington, September 12, 1958

SECRET. PRIORITY.
Reference: Our Tel 2202 Sep 10.
Repeat Permis New York, Paris, NATO Paris (Priority) (Information).

SITUATION IN TAIWAN STRAITS

I thought it would be useful to follow up my talk with the Secretary, and had hoped to see Walter Robertson before his departure for New York where he will be attending the first part of the session with Mr. Dulles. Since Robertson was completely tied up today with discussions with the Japanese Foreign Minister, we saw his Deputy, Graham Parsons, and dealt further with some of the thoughts tried out earlier in discussion with Mr. Dulles.

2. Parsons confirmed what Mr. Dulles had said earlier, that they were carefully examining the immediate position in the area of Quemoy and Matsu with a view to seeing what practical and specific steps might be possible to reduce provocative measures on both sides with a view to "stopping the shooting" in the area of the off-shore islands. They had received a report from Taipei and had collated this with other info available here, and according to Parsons the sum total of provocative actions on the part of the Chinese Nationalists over the past year or so was substantially less than one would gather either from Communist charges or from the tone of some of the more extreme Nationalist statements. According to his info, the recent Swatow episode, in which Nationalist Chinese aircraft took after and destroyed a number of MIG aircraft over this region was an exceptional case, in which the USA authorities had had no foreknowledge of Chinese Nationalist intentions. Parsons indicated that, following this incident, the Taipei administration had been spoken to privately in the strongest terms. For the most part, however, he thought that the exchange of letters between Mr. Dulles and Foreign Minister Yeh in December 1954,[49] on the occasion of the signing of the Mutual Defence Treaty had been reasonably well observed by the Chinese Nationalists.

3. At the same time, Parsons readily recognized the importance of reviewing all possible measures which would serve the purpose of reducing the points of friction. With respect to aerial overflights, he made the comment that these did not repeat not originate from the off-shore islands, but rather from Formosa itself. He also pointed out that the USA authorities could not repeat not ignore the fact that before the present hostilities began, the Chinese Communists had practised indirect aggression against Taiwan and the off-shore

---

[49] Voir/See United States, *Treaties and Other International Agreements, 1955, Volume 6, Part I*, Washington: United States Government Printing Office, 1956, pp. 450, 454.

islands over a considerable period, and he did not repeat not think that on the count of aggressiveness the Chinese Nationalists had ever matched the persistent efforts from the Mainland. At the same time, he agreed that the negotiations in Warsaw would begin in a better climate if both sides got down to particulars and were prepared to make concessions within this practical and specific framework.

4. In the course of this part of our discussion, I took the opportunity to emphasize that if the efforts to achieve a standstill were to be successful, it was of the utmost importance that such practical measures as might be required should be taken, and that the Chinese Nationalists should be subject to the restraints required to give negotiations in this context a reasonable chance of success. I thought too that this kind of "working to the particular" was more profitable than the reiteration of general principles (I had in mind the manner in which, for example, the President had presented the USA position last evening in his broadcast address)[50]. On this last point, Parsons recognized the fundamental difficulty involved in preparing a statement which would meet national requirements in the USA, and at the same time convey to world opinion, and in particular to the Chinese Communists, that the USA, while continuing to maintain a strong posture, was equally prepared to embark on a serious negotiation relating to the specific factors underlying the present situation.

5. A second suggestion which I put forward was that the USA authorities might wish to consider the possibility at an appropriate stage of direct discussions between the Chinese Communists and the Nationalists. Apart from imposing a greater responsibility on both sides and reducing the involvement of the USA, such an arrangement might indeed make it easier to work out and obtain acceptance of any concessions which might ultimately be required. Further, from a tactical point of view, the confrontation of Communist China and the USA seemed to me to make it even more necessary for the USSR to rally to Communist China's support, whereas if representatives of the two Chinas were to face one another across the table, it might be easier for the Soviets, along with the USA, to take a step backward. Parsons did not repeat not comment at any length on this suggestion, although he said that the USA had all along been well aware of the danger that the Chinese Nationalists have wanted to go further and have seen opportunities in local conflicts to improve their general position. The basic USA policy, he confirmed, was "to leash Chiang," and he said that although it was not repeat not desirable to overstate the matter publicly, the USA had made and would continue to make every effort to restrain the leaders on Formosa.

6. There was some brief discussion of the possibility, perhaps at the forthcoming session of the Assembly, of responsible Asian members of the SEATO and Bandung groups assisting in bringing about an accommodation of the present conflict. Parsons said it was their impression by and large their SEATO allies had given their approval to the strong stand taken by the USA. Indeed some of the "weaker sisters" in the Asian group had told the State Department that while, if they had to speak out publicly, they would have to be critical of USA policy, privately they felt that it was in their own best interests that the USA should adopt the position that use of force to bring about territorial changes must be resisted. The State Department had come to no repeat no final conclusion as to the value of indirect discussion through an intermediary with Peking, nor as to which country might be most suitable and effective for this task. They were inclined to doubt the utility of India for this role, and were still giving the matter attention. So far as Moscow was concerned,

---

[50] Voir/See United States, *Public Papers of the Presidents of the United States: Dwight D. Eisenhower 1958*, Washington, D.C.: United States Government Printing Office, 1959, pp. 694-700.

Parsons added that he understood that the UK might be prepared to exert its efforts in that quarter. This the State Department thought might have some value, but only providing it was clearly understood that the UK was acting on its own responsibility, and not repeat not at USA instigation.

7. On the Warsaw talks, the first task would be to try to "stop the shooting." It would then, he thought, be necessary to seek to identify the areas of mutual provocation in the hope of being able to reach a common position. With the history of Korea in mind, in which armistice negotiations had proceeded over a lengthy period which included some of the most violent fighting, he thought that it was unrealistic to expect that the Warsaw negotiations would come to an early conclusion. In the calculations of the Chinese Communists, Parsons agreed that ordinary prudential considerations did not repeat not always apply, and he was disturbed by the increased evidence of truculence and of a general disregard of consequences which the Chinese Communist leadership had been showing for some time.

8. As a further point, and having in mind the need to impose responsibilities on the Communist Chinese, I suggested to Parsons that it might be possible in a technical field such as nuclear test suspension for the USA to take an initiative in bringing Communist China into the talks and international arrangements at as early a stage as possible. This was a field in which, unlike others, the common interest in Communist China's participation was generally recognized. Inclusion of China would imply a kind of functional recognition in a field of which it was in all our interests to link Mainland China to whatever international arrangements and institutions might be developed. Parsons thought that this idea was one that was worth examining further.

9. Parsons confirmed that the USA would first like to see the bilateral talks given a chance before any action in the UN forum is contemplated. He said that at the present stage USA has itself no repeat no plans for taking any UN initiative.

---

433. DEA/50056-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 13, 1958

UNITED STATES NEGOTIATIONS WITH COMMUNIST CHINA

Attached is a letter sent to you on September 12 by the United States Ambassador, together with a memorandum† which recites the history of United States efforts to get agreement to a renunciation of force in the Taiwan area by both sides during the Sino-American Ambassadorial talks which were held in Geneva from August 1955 to December 1957.

The Prime Minister, in his recent message to Mr. Macmillan, pointed out the difficulty in the American insistence that the Communists must first renounce the use of force, because this would in effect confirm the status quo on the islands and offer to Peking no possibility of a peaceful solution to the dispute. The Prime Minister suggested that the Americans and Chinese might be urged to agree on a formula of a limited renunciation of the use of force, i.e. while a peaceful solution is sought. A formula such as this would increase the pressure on both sides to come to terms during negotiations. This idea has been included in the draft reply to Mr. Merchant which has been prepared for your signature, if you approve, and which is also attached.

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

L'ambassadeur des États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador of United States
to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, September 12, 1958

Dear Mr. Smith:

Knowing of your interest in the situation in the Far East I believe that the Canadian Government may have noted the statement made by Chou En-Lai,[51] the Chinese Communist Premier, which was broadcast by Peiping radio on September 6. His statement referred to "Sino-American ambassadorial talks which commenced in August 1955" and sought to make it appear that the United States had interrupted these talks and had been unwilling publicly to subscribe to a renunciation of force in the settlement of disputes. I believe that the Government of Canada will be interested in a factual review of this matter which demonstrates the repeated and continuing efforts of the United States to obtain from the Chinese Communist régime a mutual and reciprocal renunciation of the use of force especially in the Taiwan area. I am enclosing a statement which has been prepared for this purpose, which is entitled "Efforts by the United States to Reach an Agreement with the Chinese Communists on the Renunciation of Force in the Taiwan Area."

I shall be pleased to continue to forward such information as would appear to be of interest or of possible assistance to the Canadian Government in appraising the situation in the Far East.

Sincerely yours,
LIVINGSTON T. MERCHANT

---

434. DEA/50056-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur des États-Unis

Secretary of State for External Affairs
to Ambassador of United States

CONFIDENTIAL [Ottawa], September 15, 1958

Dear Mr. Merchant,

I thank you for your letter of September 12, with which was enclosed a paper outlining the efforts of the United States, in the Sino-American Ambassadorial talks, to reach agreement on the renunciation of force in the Taiwan area. This aspect of the problem has again assumed importance now that new and more dangerous incidents are occurring in the Taiwan Straits. I am sure that the United States representative in the forthcoming Warsaw negotiations will again strive for agreement on renunciation of force.

---

[51] Voir/See *Documents on International Affairs, 1958*, London: Royal Institute of International Affairs — Oxford University Press, 1962, pp. 179-182.

It has occurred to the Prime Minister and myself that a great difficulty in getting the Chinese Communists to make an unqualified renunciation of force lies in the fact that this could seem to them to confirm the status quo on the off-shore islands and in their eyes, therefore, preclude the possibility of an eventual peaceful solution to the dispute. For this reason we have been wondering whether you might see advantage in offering the Chinese a formula which would mean the renouncing of the use of force while a peaceful solution was being sought. This might effect an immediate cessation of hostilities and give breathing space for negotiations. You will realize I am sure that I make this suggestion because, as the Prime Minister stated on September 12, we are encouraged by the fact that direct talks between yourselves and representatives of the Peking Government are expected to begin now and we earnestly hope that the Chinese Communists will respond to President Eisenhower's suggestions for a peaceful solution.

I shall be pleased if you will continue to send to me information on the situation in the Far East.

Yours faithfully,

SIDNEY SMITH

---

435. DEA/50056-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[52]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[52]

CONFIDENTIAL [Ottawa], September 16, 1958

UNITED STATES NEGOTIATIONS WITH COMMUNIST CHINA

I have now sent to the United States Ambassador the letter which you signed on September 15. Attached for your information is a copy of that letter together with my memorandum which accompanied it.†

2. You asked for a further note on the suggestion contained in the letter to Mr. Merchant that the Americans might offer the Chinese a formula which would mean a limited renunciation of the use of force, i.e. while a peaceful solution was being sought. You wondered whether there was reason to believe that the United States might be receptive to such an idea.

3. Two impressions which our Ambassador took away last week from an interview with Mr. Dulles were that the latter was actively canvassing in his own mind various practical steps that might help to lower the temperature and that the United States authorities were open minded to suggestions, consistent with their obligations (and short of "appeasement"), which would ease current tension and permit the present potential conflict to be deflected into the channels of discussion and possibly negotiation.

---

[52] Note marginale :/Marginal note:
in New York [Jules Léger]

4. At his press conference of September 10, Mr. Dulles expressed the hope that there could be a *modus vivendi* or cease-fire agreement reached in the Warsaw talks, which would assure that issues would not be resolved by violent aggressive action.[11] Asked whether the United States would be willing to move from the only two points which it had sought before to negotiate with the Chinese Communists in Geneva, i.e. the releasing of imprisoned Americans and the renunciation of force, Mr. Dulles said "I think the matter can perhaps be dealt with in a more specific way rather than in abstract generalities and that it might not be useful to repeat the ritual of the last three years."

5. In the light of the above we see nothing in current United States thinking which is antipathetic to our suggestion. Any cease-fire in the Straits will depend for its survival on the good faith of the parties whether or not they first agree it should be limited or unlimited in time. We do not see how, in the present circumstances, the Chinese Communists can accept on grounds of principle an open-ended cease-fire. Therefore United States authorities may well welcome at this time an idea which would enable them to avoid making an unlimited renunciation of force by the Chinese Communists a *sine qua non* to progress in the Warsaw talks.

J. L[EGER]

---

436. DEA/50056-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2290 Washington, September 19, 1958

SECRET. PRIORITY.
Reference: Our Tel 2231 Sep 12.
Repeat London, Paris, NATO Paris, Permis New York (Information).

SITUATION IN TAIWAN STRAITS AREA

I called again on Parsons this morning about the Taiwan Straits problem. Because of the absence of the Secretary and Walter Robertson in New York, the problem of internal coordination has been not repeat not an easy one, and Parsons was awaiting word from New York on the general lines to be taken at the next Warsaw meeting now scheduled for Sunday. He did, however, draw our attention to Chalmers Roberts' story in the *Washington Post* of yesterday (see our telegram 2291†) which he indicated was based on a background briefing given by the Secretary in New York. Our delegation there will no doubt have been in touch with correspondents who attended this background session. Parsons mentioned the Roberts story as a reasonably good account of what the Secretary had indicated in this background briefing.

2. On the second Warsaw meeting, Parsons said simply that the Chinese Communists had maintained their rigid line of the first meeting and had adopted even a sharper tone, and that no real progress had been made. Parsons thought that the USA would soon be faced

---

[11] Voir/See United States, Department of State, *Bulletin*, Volume XXXIX, No. 1005, September 29, 1958, p. 488.

with a choice of whether to continue to regard the Warsaw talks as the main focus of importance, or whether to recognize now that some alternative procedure, possibly involving recourse to the UN, should not repeat not now be pursued. We had the impression that a policy decision on this choice would be taken in New York, or here over the weekend after Mr. Dulles' return. In view of the rigid Chinese communist stand, he thought there was considerable argument in favour of shifting the focus away from Warsaw, although not repeat not terminating the useful direct channel which these talks afforded. For one thing, the local supply situation was deteriorating. For another, the failure of the Warsaw talks to make progress could increase the general uncertainties now existing concerning both Chinese Communist and Soviet intentions and also the intentions of the Chinese Nationalists. Continued stalemate in the talks without action in some forum to support the concept of a non forcible solution of the off-shore islands problem might serve only to increase the tension and heighten the possibilities of an extension of the conflict.

3. So far as the Chinese Nationalists were concerned, Parsons had good words to say for the new Ambassador, George Yeh. Although he was a strong and responsible supporter of the régime, he was well aware of the realities of the current situation, and was doing his utmost to exert his influence in a responsible direction in Taipei. Parsons said it was difficult to have to choose between Yeh's usefulness here or in Formosa itself. The immediate situation had not repeat not been improved by loose talk by a few junior military officers in the area. Despite efforts to control public utterances, such loose and unauthorized statements as those recently credited to a marine major could only cause harm and the State Department and the Pentagon were fully conscious of this. On General Lemay's recent visit, he had exercised great discretion in public pronouncements.

4. It was not repeat not clear from our discussion what action the USA might propose in the General Assembly, and this will not repeat not be clearer until a decision has been reached. If it were only to be a public effort in the Assembly itself to rally maximum voting support for the doctrine that territorial changes should not repeat not be effected by force, and if the discussion and private negotiation did not repeat not focus on the central and practical issues, I thought there was a danger that it might be difficult for a number of members of the UN to stand up publicly and be counted. (You will recall Parsons' earlier statement that a number of states which were thought to be doubtful on the Taiwan issue had privately expressed support for the USA position. There is, however, an opposite side to this, in that with one or two exceptions the State Department does not repeat not hear much from their friends who are privately critical of the position in which the USA has now found itself.) Parsons, however, adhered to his former point that a number of states which were known to be doubtful on the Taiwan issue had privately expressed support for the USA position.

5. In connection with Parsons' brief reference to the local supply position, I raised the question whether any thought had been given, as a means of easing the supply position, to the evacuation from the off-shore islands to Formosa of limited groups of civilian personnel for humanitarian reasons. Such a move, I thought, of certain specific categories might help to some extent to ease the supply problem so far as certain segments of the civilian population were concerned, and might at the same time be considered between the two sides in the Warsaw bilateral discussions and serve to keep the channels of communication open. Parsons thought this was an interesting suggestion, but it is evident that it was one to which the State Department had not yet given any serious thought.

437. DEA/50056-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2334 Washington, September 24, 1958

SECRET. OPIMMEDIATE.

Repeat Permis New York, London, Paris, NATO Paris (OpImmediate) (Information).

TAIWAN STRAITS

Lutkins (Deputy Director Chinese Affairs) said today that the meeting between Ambassador Beam and Wang Ping-Nan on Monday had brought no repeat no substantial change from the earlier meetings. If anything the Chinese Communist line had been harsher than ever; Wang had been quite unbending in stating the Chinese position and had been more condemnatory than previously with respect to the USA position. Wang had asserted that the USA was obviously planning to occupy the off-shore islands in the same way that they had occupied Taiwan and claimed that such plans were preparatory to an invasion of the Mainland. In addition to rebutting these charges Beam had pointed out that it was now quite clear that the basic differences between the two sides had been fully exposed and expressed and that the talks appeared to be becoming sterile. He had again called for an immediate cease-fire as a prerequisite for any fruitful discussion of the elimination of provocations by both sides.

2. Lutkins said that there was no repeat no sign of any give in the Chinese Communist attitude and that they obviously felt in a strong position both politically and militarily. Nothing which Wang had said indicated any interest in the idea that the islands might be demilitarized.[54] The Chinese Communist objective was purely the occupation of these islands though they might be willing to permit the withdrawal of Nationalist troops. Wang had also made no repeat no effort to hide the fact that the Chinese would continue to press their claims for Taiwan itself, though there had been hints that if the islands were surrendered there might be a pause before the next stage was entered upon.

3. In reply to our query Lutkins said that in his discussions with Wang, Beam had given no repeat no elaboration of a programme for the elimination of provocation once a cease-fire had been attained; Beam would only discuss this matter after a cease-fire took effect.[55] (The demilitarization idea reported as having been mentioned by Mr. Dulles in his background press briefing of September 17 (our telegram 2291 September 19†) was apparently not repeat not picked up by Wang or Beam in their meeting). The USA was not repeat not, however, calling for a formal cease-fire agreement, but merely an end of the shooting. Lutkins said that no repeat no decision had been reached as to whether or when the USA might take the case to the UN or, in the event that the question is raised in the UN, whether the Warsaw talks would be continued or broken off.

---

[54] Note marginale :/Marginal note:
Temporarily? prior to permanent withdrawal? [J.W. Holmes]

[55] Note marginale :/Marginal note:
not one-sided — if as Coms claim Nats. have been provocative [J.W. Holmes]

4. With respect to the situation on the islands themselves Lutkins said that there were good, bad and indifferent elements which had come to light in the past few days. The sea lift and air drops were now working better and there was some improvement in the supply situation. Supplies getting through were now sufficient so that collapse of the Nationalist position through lack of supplies was not repeat not likely to come about for some time — possibly two months. On the other hand seasonal bad weather, which could now be expected, might reduce the capability of the amphibious vehicles which were now being used to carry supplies in to the beaches. While a critical situation could be avoided for a number of weeks, obviously the maintenance of the islands in the face of the artillery blockade could not repeat not be envisaged indefinitely.

5. Lutkins said that the present USA appreciation was that the Chinese Nationalist air force could not repeat not knock out the Communist artillery through bombing attacks on Communist gun emplacements. To be effective an air strike against the Mainland would have to hit Communist lines of communication as well as gun emplacements and the Chinese Nationalist air force could probably not repeat not carry out this operation successfully by themselves.

6. Lutkins said that a favourable aspect of the present situation was the superior air combat performance of the Chinese Nationalist pilots over the Communist pilots. Nationalist reports of shooting down eleven or twelve MIG's in an encounter between some thirty Nationalist aircraft and one hundred Communist MIG's which occurred yesterday were regarded as reliable and were particularly noteworthy since the Nationalists were still flying F86's which were generally considered inferior to MIG's.

7. In addition Lutkins said that the maintenance of the artillery bombardment over the past month had undoubtedly put some strain on the Communist supply position and they might find it difficult to maintain the bombardment at peak intensity for a long period. Lutkins said there was no repeat no evidence yet of any new Communist move which might reflect concern on their part that their siege of the islands might not repeat not succeed in bringing about their surrender. Lutkins said that air bombardment of the islands appeared to be the next most likely tactic that the Communists might employ. On the other hand the Communists clearly wished to avoid a direct clash with the USA, and rather than take new risks might break off the siege if the Nationalist position on the islands shows no repeat no sign of collapsing.

---

438. DEA/50056-B-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 1464 New York, September 25, 1958

SECRET. PRIORITY.

Repeat Washington, London, NATO Paris, Paris, Delhi from Ottawa (Information).

SITUATION IN TAIWAN STRAITS

Reports here are very discouraging on the China situation. There has been a belief growing since the Assembly began that the Warsaw talks would not repeat not end in agreement because both sides had stated positions from which they could not repeat not retire and that when this was acknowledged the matter would have to come to the UN. Our hope has been that the Security Council, the Secretary-General, or some mediatory agent appointed by the Security Council or the Assembly might work out a formula for the off-shore islands which the parties concerned could be induced to accept because it had behind it the authority of the UN. For the USA and the Chinese Communists this could provide an excuse for accepting less than they have demanded. It would also offer a means of pressure on the Chinese Nationalists which the Americans cannot repeat not even if they would exert. The nature of such a formula is of course difficult to determine, but we had thought that the basis of it might be a cease-fire tied to a firm provision for peaceful negotiation.

2. We had never thought it would be easy to sell this to the Communists, but the position now being taken here by the Russians indicate that the Chinese Communists are too intransigent to accept anything less than evacuation. Gromyko told Lloyd at dinner Tuesday night that nothing could be done until the Nationalists and Americans pulled out of Quemoy and Matsu. Last night I had dinner at Lange's with Gromyko, Rapacki, Menon, and Lloyd. Gromyko insisted just as firmly that the requirement was withdrawal. He said that he did not repeat not know if they would, even if they could, persuade Peking to settle for less. He said we were just fooling ourselves if we thought there was room for negotiation. The one hopeful aspect is that the demand for immediate withdrawal seemed to be limited to the off-shore islands and did not repeat not include Taiwan.

3. Menon's attitude is more sober and responsible than is his custom, a reflection probably of his grave concern. He has reminded me several times of the fact that the Indians gave a correct warning over Chinese intentions in Korea and it was disregarded. Their Ambassador in Peking has sent very worrying reports about Chinese intentions, and Lall told us that they had just received a long letter from Chou-En-Lai warning that they meant business. Menon says that they can do nothing with Peking this time.

4. Lange is deeply depressed. He and possibly Hammarskjöld, who now seems to be diverting his attention to the Far East, are going to Washington over the weekend to sound out Dulles, and Lange has put off his speech in the general debate until Tuesday. It may be that a proposal to send the Secretary-General to Peking may yet emerge. Menon told Lange last night to talk to Rapacki, who, he thought, had some influence on Gromyko.

SIDNEY SMITH

---

439. DEA/50056-B-40

Le chef de la délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly,
to Secretary of State for External Affairs

TELEGRAM 1475 New York, September 26, 1958

SECRET. CANADIAN EYES ONLY.
Reference: Our 1464 Sep 25.
Repeat Washington, London, NATO Paris, Paris (Information).

SITUATION IN TAIWAN STRAITS

Lloyd told me last night that he had talked in the afternoon to Dulles, who was in New York for his speech. Dulles said they had information that the Chinese would not repeat not be as uncompromising as Gromyko and Menon had been saying here. They thought the Chinese were in no repeat no hurry; Wang Ping Nan had readily granted a postponement to Beam in Warsaw and told him to take as long as he liked. Lloyd was inclined to take this view seriously because the UK Chargé in Peking had reported that he and the Indian Ambassador were in agreement that the Chinese would not repeat not go too far.

2. Lloyd said that he was going back to London more hopeful that the USA would be able to outbluff the Chinese. He was also reassured in that the President had told him at Newport that the USA would not repeat not use nuclear weapons unless the Chinese did. Dulles had said that at the worst it would be a localized conflict.

3. Lloyd said that Dulles had indicated that if nothing came of the Warsaw talks the USA would depend on the UN to "get them off the hook." Lloyd thought that the Americans would first of all try to get a vote of support in the Assembly. If they could not repeat not achieve that they would look to the UN to produce a formula which they could submit to. Lloyd realized, however, that if this latter fails a scapegoat might be sought in the UN or in those friendly countries like the UK or Canada who might have sponsored the compromise. He did not repeat not think that we or they should play the UN game too readily. He intended to lie low for the time being at least.

4. I reported these views to Nielsen to pass on to Lange, who had already left for Washington. He told me that four hours after Lange's very unsatisfactory interview with Gromyko, the Soviet Ambassador in Oslo had come to see Engen on a personal basis. He said that his government was very worried about the situation and hinted persistently at the possibility of intervention by some third party such as Norway. Engen had reacted very cautiously, suggesting that the country most likely to have influence in Peking was the USSR. The Norwegians had not repeat not made up their minds as to the meaning of this. They doubted if it could have been undertaken without authorization. Lange does not repeat not want to mention it to Gromyko lest some one get into trouble, but Nielsen hopes to probe Sobolev by indirection. In the meantime the Norwegians are hoping for a response from Peking to a message which they sent in response to a message stating the Peking case which was sent to all countries recognizing them. In the message the Norwegians said they too were concerned over the situation and asked if the Chinese had any proposals to make.

5. In the meantime the UN is filled with rumours of mediation, and Matsudaira and others are excessively busy with projects of one kind or another. I am worried about some of them going off half-cock in this charged atmosphere. Nielsen said the Norwegians were avoiding the Japanese and all others with draft proposals to offer. They thought it was most essential in this situation not repeat not to start any projects without keeping contact with those directly involved. Lange is hoping to sound out Dulles when he sees him Monday.

[SIDNEY] SMITH

440. DEA/50056-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2364 Washington, September 26, 1958

SECRET. OPIMMEDIATE.
Repeat Permis New York (For Minister) (Information).

SITUATION IN TAIWAN STRAITS

Following Personal and Secret for the Under-Secretary from Robertson. Reston of the *New York Times* bureau here called me this afternoon and said that anxiety about the situation in the Taiwan Straits was increasing in the State Department and in the administration of the National Security Council and, he believed, was shared in some degree by the Secretary of State. More and more people were thinking in terms of "an honourable extrication" but did not repeat not see how it could be accomplished as the Administration's statements in the last weeks have pretty well battened down every possible escape hatch and left very little scope for negotiation on the issues directly in dispute between the USA and the Chinese Communists.

2. The Administration and the country had been told and believed that the evacuation of the off-shore islands would mean directly or indirectly the loss of Formosa. The logic of this link had been sedulously and effectively put about by the Chinese Nationalists. Their argument has been that withdrawal from the off-shore islands would be an explicit abandonment of their claims and hopes for the recovery of Mainland China and that the abandonment of these claims and hopes would speedily lead to the demoralization and collapse of the Chinese administration in Formosa. This in turn would mean the loss of Formosa from the USA defence system in the Western Pacific and the imperiling of USA positions in Japan, Okinawa and the Philippines.

3. Reston thought that a large body of American opinion was moving toward the conclusion that the off-shore islands could be given up if this would not repeat not of necessity entail the loss of Formosa to the Chinese Communists.

4. Admitting that there are real differences of opinion in informed circles about the strategic importance of Formosa to American defence, it is, I think a decisive fact that Formosa has in political and psychological terms become a central bastion in the picture which the ordinary American has of his country's defence position in a not repeat not very friendly world.

5. On this analysis the nub of the present problem is, can some way be devised of separating the question of the off-shore islands from the question of the availability of Formosa as a USA naval and air base?

6. Reston asked me if I thought there was any possibility of the UK, France, Canada and perhaps Japan and Australia coming to the USA and saying that they would be prepared to associate themselves with the defence of the territorial integrity of Formosa for say a period of five years if the USA would undertake to arrange for the evacuation and relinquishment of the off-shore islands. He thought that an offer of support of this kind at this

time from friends and allies might make it politically possible for the USA to commence the painful process of disengagement from her Chinese commitments.

[N.A.] ROBERTSON

---

441. DEA/50056-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], September 29, 1958

TAIWAN STRAITS — POSSIBLE MEDIATION

You asked me to send you a memorandum regarding the suggestion we discussed on September 27 for possible mediation of the off-shore islands dispute by three distinguished personalities.

2. We have proceeded from the assumption that direct intervention by the United Nations in the dispute would be unlikely to be productive of a solution and might even fray tempers further. We have been led to this conclusion by several considerations. It is difficult to see in what terms the question could usefully be brought before the United Nations. If the Warsaw talks become deadlocked or are broken off, the United States might be expected to refer the matter to the United Nations with the object of condemning the use of force by Peking. The Soviet Delegation would almost certainly put in a resolution censoring the forceful intervention by the United States in Chinese affairs. The Indians would find it difficult to be anything but critical of the American position. In these circumstances there could ensue a bitter debate, which would not advance the situation.

3. If, as seems likely, the Chinese Communists were to continue to bombard Quemoy despite the discussion in the United Nations, the United States might move again to have the Chinese condemned morally as aggressors. Such an outcome would retard for some years the possibility of a rapprochement with Peking and would thus, I assume, be at variance with Canadian policy. We cannot also overlook the fact that, so long as Communist China is kept out of the United Nations, the Peking Government is very unlikely to accept any solution proposed by the United Nations.

4. The Prime Minister, in his statement to the House on September 6, made the observation that every avenue should be explored for the settlement of the grave situation which today prevails. You expressed a similar sentiment in addressing the General Assembly.[56] The suggestion we discussed on the week-end represents an attempt to negotiate a settlement outside the United Nations, while maintaining an indirect United Nations connection.

5. From amongst the former presidents of the General Assembly three persons might be invited to go to Warsaw to assist the United States and Communist Chinese representatives in their efforts to achieve a solution to the present crisis. This would keep the negotiations within the present established framework but would widen them in an endeavour to relieve the immediate pressure on the representatives of the two contending parties. Provision

---

[56] Voir Canada, Ministère des Affaires extérieures, *Affaires Extérieures*, volume 10, N° 10, octobre 1958, pp. 242 à 243.

See Canada Department of External Affairs, *External Affairs*, Vol. 10, No. 10, October 1958, pp. 241-43.

might be made for the three appointees to have at their disposal the facilities of the United Nations Secretariat and for possible visits to Warsaw by the Secretary-General to confer with them.

6. Attached† to this memorandum is a list of the former presidents of the General Assembly. It would be necessary for the panel of three to be chosen in such a way that one member would generally represent the point of view of the United States and one of the Chinese Communists, with a neutral chairman. A possible group of this character would be Madame Pandit, Padilla Nervo or Sir Leslie Munro and Nasrollah Entezam. It would be necessary for the proposed negotiating group of three to be accepted by the United States and Communist China before they attempted to assume their task.

7. Since an invitation by the United Nations would probably lead to rejection by Peking, I should think that the necessary consultations with the United States and Chinese Governments, and with the proposed panel of three, might appropriately be conducted by the United Kingdom, which recognizes Peking while being an ally of the United States. The idea would be that the United Kingdom, after ascertaining that the three persons chosen would be willing to serve, would approach the Washington and Peking Governments to see if the proposal would be acceptable to them. The idea might initially be propounded, if at any time it should be considered useful, by means of a personal message from the Prime Minister to the Prime Minister of the United Kingdom. I attach† the draft of a message from Mr. Diefenbaker to Mr. Macmillan which suggests the line of approach which might be used. In this regard one might recall that, in a statement issued on September 25, Mr. Macmillan expressed a preference for "private consultations and diplomatic negotiations"[57] in the present situation.

J. L[ÉGER]

---

442. DEA/50056-B-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM Y-297 Ottawa, September 29, 1958

SECRET. IMMEDIATE.
For the Minister.
Repeat Washington (Immediate) (Information).

TAIWAN STRAITS

Norman Robertson's message No. 2364 of September 26 points up the importance of giving the Americans some assistance regarding the Formosa position if the off-shore islands are to be given up. It has occurred to us that, if arrangements could be made to resolve the immediate crisis around Quemoy and Matsu, the United Nations might "express a continuing interest" in Formosa, since the juridical status of that island has not been established.

---

[57] Voir/See *The Times*, September 26, 1958, p. 12.

2. This might give some comfort to the Americans and, at the same time, pave the way for a lessening of the direct United States responsibility for Taiwan. If the United Nations were to express an interest in Taiwan in this manner, it might result in the stationing of some sort of United Nations Presence in Formosa.

3. I am sending you a memorandum with regard to the possibilities of mediation in the off-shore islands dispute.

[J.] LÉGER

---

443. DEA/50056-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM Y-293 Ottawa, September 30, 1958

RESTRICTED. PRIORITY.

Reference: Your Tel 2231 of September 12.
Repeat Candel New York, London, Paris, NATO Paris (Priority) (Information).
By Bag Warsaw.

TAIWAN STRAITS

We have seen a news report of a despatch from the North China news agency's Warsaw correspondent on September 26 containing a direct reference to the possibility of a cease-fire between the Chinese Communists and the Nationalists and a hint that a peaceful settlement of the problem between the Communists and the Nationalists might be possible. We recall that you had earlier suggested in conversations with the State Department the possibility of direct discussions between the Chinese Communists and the Nationalists. It would be interesting to know whether the State Department have any further views on the matter.

---

444. DEA/50056-B-40

Le chef de la délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly,
to Secretary of State for External Affairs

TELEGRAM 1490 New York, September 30, 1958

SECRET. PRIORITY.

Repeat Washington, London, Paris, NATO Paris (Information).

The Chinese Ambassador came to see me today on instructions from his government. He said that his government were interested in having any further indication I could give him with respect to the Canadian position on the Taiwan Straits issue. He said that they had, of course, access to the public statements of the government on this subject, but that there had also been much comment in the Canadian press on the government's attitude and he would be glad to receive any further information I could give him. At the same time the Ambassador said that he had been instructed to give me some clarification of the Chinese Government's position with regard to the off-shore islands.

2. The Ambassador then launched into a statement along familiar lines. He began by stating that the off-shore islands were essential for the defence of Formosa and acted as a "screen" between the Communist forces on the Mainland and Formosa itself. In addition they provided facilities for early warning to Formosa of any impending attack which might be launched from the Mainland.

3. The Ambassador stressed the non-aggressive character of his government's policy. He said that when people talked of the possibility of the "invasion" by the Chinese Nationalists of the mainland they used a term which was not repeat not accurate. His government anticipated the possibility of a revolution in Communist China in which the Nationalist Chinese would come to the aid of their brothers. Meanwhile one of their reasons for not repeat not bombing Communist emplacements on the Mainland was fear of injuring their fellow Chinese. I asked the Ambassador whether he really foresaw any probability of an effective revolt against the Communist régime. He replied that their reports indicated growing dissatisfaction among the intelligentsia and also among the peasants, among the latter particularly since the introduction of the "commune" system.

4. I then told the Ambassador that I thought I should let him know frankly that there was considerable evidence of a swing of opinion in Canada over the question of the off-shore islands. Canadian public opinion of various shades had come to question the necessity for maintaining the islands as an essential link in the defence of Formosa. This was my estimate of the state of public opinion and not repeat not a statement of the Canadian government position. I said, however, that there had been a very general understanding after the crisis of 1955 that the Chinese Nationalist authorities would not repeat not further fortify Quemoy and Matsu and would in fact withdraw their military strength from those islands. We had understood that this was the intention of the Chinese Nationalist authorities, but nothing has been done in this direction. If this issue was to come up year after year as a result of the militarization of the islands, we in Canada would have to reserve our position in the future.

5. The Ambassador went back over the history of the fortification of Quemoy and Matsu, replying that this had been done with the consent and even at the suggestion of the USA.

6. In closing the interview I told the Ambassador that I thought he would appreciate my speaking frankly to him on this question, and it seemed useless not repeat not to do so. He thanked me and said that he appreciated having my views, which he would pass on to his government.

SIDNEY SMITH

445. DEA/50056-B-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 1509 New York, September 30, 1958

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Repeat London, Washington (Information).

SITUATION IN THE TAIWAN STRAITS

The UN is still loud with reports of all kinds of initiatives, many of which you will have seen reported in the papers. A good many of them have been associated with Lloyd's name. It is clear from what Lloyd told us here and what Canada House has learned from the Foreign Office that the UK is carefully avoiding any initiative. Nevertheless, we have the strong impression here, confirmed by one reliable British correspondent, that for home consumption the UK are not repeat not disinclined to encourage rumours of their activity to save the peace.

2. The Indians, it would now seem, are unlikely to be permitted to play a role this time. Krishna Menon told us that Washington, as distinct from the USA Delegation, didn't like him, and other Indians have told us that he was upset by a report that Couve de Mourville was alleged to have told French journalists that Dulles had said he would on no repeat no account let India mediate in this crisis. Krishna has in fact been composed and on his better behaviour this session, but his strong support of one party in the argument and the bitter taste left in many quarters by the Indian performance at the Special Session do seem to exclude him from a useful role. One must always, of course, reckon with the dangers of leaving him out of an operation.

3. It now seems most likely that UN intervention, if it takes place, will be through the Secretary-General with or without a good offices committee as mentioned by Lange. Hammarskjöld is himself now sufficiently encouraged by recent trends to be willing to undertake a mission. Lange, who is, of course, in close touch with the Secretary-General, was much encouraged by his visit to Washington.[58]

4. The nature of a formula for ending the fighting is still not repeat not clear. There does seem to be more evidence now that Peking would not repeat not necessarily insist on including a commitment over Taiwan in a formula for the immediate present. Nielsen told us a member of the Soviet Delegation had talked to him in terms consistent with what Lachs of Poland had said to us. Menon has now shifted his line to say that if the Americans offered a concession now they would get away without a demand from the Chinese involv-

---

[58] Pour un compte rendu de la réunion entre Lange et Dulles à Washington, voir United States, Department of State, *Foreign Relations of the United States, 1958-1960, Volume XIX*, Washington: United States Government Printing Office, pp. 297 à 299.

For a record of the meeting between Lange and Dulles in Washington, see United States, Department of State, *Foreign Relations of the United States, 1958-1960, Volume XIX*, Washington: United States Government Printing Office, pp. 297-299.

ing Taiwan. This shift seems partly at least a result of the Dulles press conference,[59] which pleased the Indians considerably.

5. It is most important to limit strictly information about plan for the Secretary-General, as we have learned of these proposals in strictest confidence and do not repeat not believe that this is known outside the Norwegian and Canadian Delegations and Dulles himself.

446.

DEA/50056-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2419

Washington, October 2, 1958

CONFIDENTIAL. PRIORITY.
Reference: Your Tel Y-298 Sep 30.
Repeat Candel New York, London, Paris, NATO Paris (Information).
By Bag Warsaw from London.

TAIWAN STRAITS

On the question of the possibility of direct discussions between the Chinese Communists and the Nationalists, there have been one or two recent indications which illustrated the difficulties in the path of acceptance of any suggestion of this sort at this time. In a recent television press conference programme, Madame Chiang was asked about this possibility, to which she made the reply that this was not repeat not a feasible proposition, since the Chinese Nationalist Government did not repeat not recognize the Communist régime on the Mainland, (although she did not repeat not indicate how the USA had managed to get over this same hurdle). In the course of his recent courtesy call, I raised this point with the new Chinese Ambassador here, Mr. George Yeh. He admitted he did not repeat not consider Madame Chiang had given an adequate reply, and said that if he had been asked the same question he would have pointed out that his government had been negotiating with the Communists for over 30 years with unsatisfactory results.

2. When Mr. Yeh himself "faced the nation" on September 28 last, he made it clear in his replies that it was the USA which was engaged in talks with Communists in Warsaw, and not repeat not the Chinese Nationalist Government. At one stage, in reply to a question whether the Chinese Nationalist Government would be bound by an agreement reached in Warsaw, he replied "Of course my government would not repeat not be bound. We are not repeat not a party to the Warsaw talks. The USA does not repeat not represent us." (We are sending the transcript of this particular broadcast by bag.)

3. We have not repeat not recently raised this point with the State Department, but on an informal occasion we sounded out Reinhardt, the State Department Counselor. His view was that while there was real substance in the argument that concessions might be easier on the basis of direct Nationalist participation in discussions with the Communists, it was

---

[59] Voir/See United States, Department of State, *Bulletin*, Volume XXIX, No. 1008, October 20, 1958, pp. 597-604.

extremely difficult in view of the long history and emotions involved to imagine such a development taking place in the near future.

[N.A.] ROBERTSON

---

447. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 3, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of Fisheries
  and Acting Minister of Agriculture (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

. . .

UNITED NATIONS GENERAL ASSEMBLY; REPORT BY THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

7. *The Secretary of State for External Affairs* reported that the most important issue before the current session of the United Nations General Assembly was that of the Taiwan Straits and the Chinese off-shore islands. The essence of the matter was that Chiang Kai-shek had managed to place the United States in a most awkward position. In the last few days tension had eased but the situation remained critical.

Some days ago the U.S. Secretary of State had made a speech in which he had said, in effect, that the off-shore islands should be held and that they were essential for the defence of the Philippines, Japan and, indeed, for the U.S. Since then, the Minister had expressed to the U.S. representative at the U.N. (Mr. Lodge) the deep concern of Canada over the possibility of a global war. Norway and several other countries had taken the same line as well. This sort of thing could not be said publicly for fear that Mr. Dulles would become even more rigid. However, some results appeared to have flowed from these representations because Mr. Dulles had subsequently criticized Chiang publicly and had said he did not regard the off-shore islands as vital for the defence of the Western Pacific. Other statements in the same vein had been made by the Under-Secretary of State and these had been echoed and supported by the President. The talks in Warsaw between the Peking Ambassador there and the U.S. representative were not now so tense and the Chinese did not appear to be pressing so hard. The Nationalist Chinese, flying U.S. planes, had defeated the Reds in the air on two occasions. This was an indication of reduced pressure and of a Chinese willingness to await further developments. These talks in Warsaw would probably continue for another two weeks.

Mr. Dulles had indicated that Chiang Kai-shek would not act stupidly and had also said that the U.S. wanted to become disentangled from the off-shore islands. However, he had said much the same thing about Lebanon before the U.S. acted there. The President had said that the U.S. would never use atomic bombs in the area unless the Russians or Chinese did so first. Mr. Dulles' main argument was that a moral principle was at stake; the U.S. couldn't let down its friends to whom it has pledged support; if it did others might not stand firm. Quemoy had been made into a "Gibraltar" for the nuclear age.

The U.S. had encouraged the Canadians and Norwegians to hold talks with the Secretary-General with a view to a resolution being put to the General Assembly under which Mr. Hammarskjöld would be asked to exercise his good offices in the situation. The proposal would be for Mr. Hammarskjöld to visit Peking and Formosa to see if arrangements could be made for the evacuation of the off-shore islands. There was reason to believe that Chiang would accept such a mission. The future of Formosa would be a matter for quite separate consideration later on.

8. *During the discussion* the following points emerged:

(a) If the U.N. Secretary-General treated with the Peking authorities, then the issue of recognition of the Mainland government would be compromised in some degree and that government would soon have to be admitted to the U.N.

(b) On the other hand, the U.S. government were dealing with the Chinese communists in the Warsaw talks and had done so on a number of occasions previously. Furthermore, the U.N. Secretary-General had discussed problems with the Mainland authorities on at least one other occasion in the past.

(c) Canada should have nothing to do with discussions on the off-shore island situation or leave any impression that the U.S. was being told what to do. This was essentially a U.S. problem. There was nothing to gain in being a party to steps which would lead to the recognition of the Mainland Chinese government.

(d) Against this it was argued strongly that Canada was deeply involved and, whether Canadians liked it or not, it would be in a war alongside the U.S. should that unhappily occur. The government should do everything possible to ease the situation and help extricate the U.S. from the awkward position in which it found itself. Only two weeks ago there had been a real possibility of war and Canadian efforts had done much to avert it.

(e) The United Kingdom had told the United States that their policy in the Taiwan Straits issue was wrong and that the U.K. would not be associated with it. Mr. Dulles had replied that, if events were turning that way, the U.S. would have to reconsider its whole foreign policy and look seriously at a Russian proposal under which there would be a U.S.-Russian non-aggression pact. Europe would then be left to fend for itself. This, of course, was foolish but it was an indication of Mr. Dulles' outlook. The U.S. had also made clear that the U.K. could expect no support at Hong Kong if it did not support the U.S. in its far eastern policy.

(f) In the event that a resolution on the Taiwan Straits issue could be devised, it could probably be drawn in such a way that the future of Formosa would not be involved and this issue could be isolated and left for separate consideration at another time. It could well be that if the U.S. ceased to support Formosa, Japan and the Philippines might lose hope.

(g) The Minister should continue his efforts in the U.N. to help find a solution to the off-shore island problem.

9. *The Cabinet* noted the report of the Secretary of State for External Affairs on the Chinese off-shore islands and agreed that he continue his efforts to help find a solution to the problem on the understanding that, before taking any binding position on a United Nations resolution on the matter, the proposal would be submitted to Cabinet for further consideration.

. . .

---

448. DEA/50056-B-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 1545 New York, October 4, 1958

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Our Tels 1500† and 1509 Sep 30.
Repeat Washington, London, NATO Paris (Information).

TAIWAN STRAITS SITUATION

It is still far from clear whether anything will come of the embryonic initiatives that have been discussed and rumoured here. That Far East situation seems to be generating less heat than before and there is an increasing tendency to expect that the Warsaw talks may be allowed to continue for some time without any occasion for UN intervention arising. Moreover, even if the occasion should arise, there would be two large considerations to answer (a) whether the Secretary-General should run the risk of impairing his prestige in undertaking a task such as this which would undoubtedly be much tougher than anything he has so far tackled in the Mideast and (b) whether the General Assembly would be prepared to pass another "leave it to Dag" resolution.

2. The Secretary-General, for his part, is understandably hesitant to be caught in a nut cracker where the jaws would be Nationalist China and Communist China and the handles would be the USA on the one hand and the USSR on the other. Moreover, there is some uneasiness developing about the present trend in which we seem to be building up our reliance on one man unduly.

3. Lange has told the Minister that Dulles was very encouraging when Lange saw him in Washington at the beginning of this week, about the possibility of the Secretary-General playing a role of investigation or mediation in the Taiwan Straits situation. Dulles anticipated with Lange the line he took in his press conference the next day. On the substance of the problem Dulles did not repeat not say he was prepared to see the off shore islands eventually ceded to Communist China, but on the other hand he did not repeat not say he would oppose it. As to the question of a cease fire or demilitarization of the off shore islands, Dulles indicated that a de facto arrangement confined to the off shore islands might suffice and that written assurances would not repeat not be necessary. Lange thought the USA might be willing under such circumstances to return to the original "Truman Formula" in which the seventh fleet played the role of a buffer between the Chinese Communists and the Chinese Nationalists.

4. The Minister has put to Lange informally the idea that, if the Secretary-General were in fact to undertake a mediatory mission, it might be advisable for him to have assistance of some kind, perhaps in the form of a small advisory committee made up of some past Presidents of the Assembly. Lange's reaction was that the Secretary General would probably want to be left free to name his own associates and that in fact he might not repeat not accept the task unless the Assembly gave him this degree of discretion.

5. More recently we have wondered whether Chiang Kai-Shek's outburst, following the press conferences of Dulles and Eisenhower this week,[60] might force retraction of the new flexibility that has seemed visible in USA policy. When the Minister asked Lodge about this the other day, the latter said he thought the new Dulles line would not repeat not be shaken but he added that on the other hand the USA could not repeat not force the pace too much with Chiang. Lodge thought there was a good chance the Warsaw talks would last for some considerable time, since the Americans were certainly anxious not repeat not to break them off and the Chinese were apparently exercising patience. In this way the temperature might gradually cool and produce a de facto truce very much along the pattern of developments in 1955. He hoped that for the time being well wishers like Canada would not repeat not take any initiative in the Assembly that might upset this process. We, of course, wonder whether, if another breathing speil can be gained this time, as was done in 1955, the USA will use it to reduce Chiang's reliance on the off shore islands.

6. Lodge added, in his remarks to the Minister, that the real difficulty for the USA in bringing themselves to face up to the fundamental problem of Communist China was the emotional barrier against accepting Communist China not repeat not only as a member of the UN but also as one of the Great Powers with a permanent seat on the Security Council. If it came to that, he was certain that both parties in Congress would demand that the USA pull out of the UN. The paradoxical situation was that there were only four countries in the world who were really opposed to a "two Chinas" solution to the problem: Communist China, the USSR, Nationalist China and the USA.

7. To sum up, there appears to be general willingness to wait and see whether the Warsaw talks, combined with restraint in the Taiwan Straits, may not repeat not produce a tacit agreement without the necessity of UN intervention. In the meantime the African-Asian group are discussing a draft declaration which they may issue shortly, applying the Bandung principles to the Taiwan Straits situation.

449.

DEA/50056-B-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 1566

New York, October 6, 1958

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Repeat Washington (Ambassador Only) (Information).

For Under-Secretary of State for External Affairs only.

---

[60] Voir/See *New York Times*, October 1, 1958, p. 8. Voir aussi/See also United States, *Public Papers of the President of the United States, Dwight D. Eisenhower, 1958* Washington: United States Government Printing Office, 1959, pp. 712-22.

Lange has reported to us the Chinese Communist reply to their earlier direct enquiry through their Ambassador in Peking about the Chinese attitude towards negotiations over the off-shore islands and specifically towards negotiations through the Secretary-General. The Norwegians had brought back their Ambassador from Peking for consultations. Yesterday, the Chinese Ambassador in Oslo called on Engen and the Norwegian Ambassador to deliver a formal reply.

2. The reply began with a very courteous appreciation of the Norwegian gesture. There followed a fairly conventional recitation of the Communist position in reasonably moderate terms, insisting that the only solution was USA withdrawal. It then referred politely to the suggestion about Hammarskjöld and said that because of the situation with regard to Chinese representation in the UN, this was unacceptable. The reply concluded with another friendly expression of appreciation of Norwegian good intentions.

3. The Norwegian Ambassador's comment was that this reflected the new attitude of the Peking Government as of last spring, to have nothing to do with the UN in any way until they were accepted in the Chinese seat.

4. Engen asked the Chinese Ambassador what they thought of Lange's other suggestion — for the good offices of a group of several persons. The Ambassador said he had no repeat no instructions on this point. Speaking personally, he thought it might be useful and he thought they might first use their good offices to persuade the Americans to withdraw from their endeavours against the Chinese coast.

5. Engen said the Chinese, in the discussion, gave the impression that they would like to keep three channels open — in Warsaw, possibly also in Oslo, and possibly also in Delhi. At the conclusion of the conversation, he asked Engen and the Norwegian Ambassador to dinner tonight. Engen thinks they may have something further to say, and Lange will let us know when he hears further from him.

---

450. DEA/50056-B-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

RESTRICTED [Ottawa], October 7, 1958

MESSAGE FROM THE CHINESE COMMUNISTS TO THE CHINESE NATIONALISTS

In case you have not seen it I have attached to this memorandum the full text,† as published, of the message sent on October 6 by Peng The-huai, Minister of National Defence of the Peking Government, to the Chinese Nationalists.[61] It concerns Peking's decision to stop firing on Quemoy for seven days, providing the Americans refrain from escorting the Nationalist supply ships, and the offer to negotiate directly with the Nationalists.

2. It is a rather remarkable message. It is couched in the new Communist style of diplomatic communication, a recent example of which was the letter sent by Mr. Khrushchev to

---

[61] Voir/See *Documents on International Affairs, 1958*, London: Royal Institute of International Affairs — Oxford University Press, 1962, pp. 215-216.

President Eisenhower on September 19th, which was returned by the President. It is imaginative, sardonically humorous and suggestive of controlled strength.

3. The tenor of the message and Peking's latest manoeuvres suggest that the Chinese Communist leaders, in initiating the Quemoy operation, may have been concerned primarily with putting the United States in an unfavourable light with regard to its position and attitude in the Far East and with putting a strain upon the bonds between the United States and the Chinese Nationalists, rather than with getting immediate physical possession of the off-shore islands.

4. The effort to detach the Chinese Nationalists from the American alliance may not be altogether unrealistic as a long-range aim. The history of Chinese foreign and civil wars has been a long series of compromises. Some of the former leaders of the Nationalist Government went over to the Peking Government at the outset and still hold official positions with the Communists. Chiang Kai-shek himself is an inveterate opponent of communism and cannot be expected to negotiate with Peking. A suggestion by Peking, however, that the two Chinese parties should discuss things amongst themselves might have an appeal to some of those who surround Chiang. It certainly would to numbers of the Chinese Nationalist soldiers, whose families and relatives are still on the Chinese Mainland.

J. L[ÉGER]

451.

DEA/50056-B-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM Y-307

Ottawa, October 8, 1958

SECRET. OPIMMEDIATE.
For the Minister.
Reference: Your message 1566 of October 6.
Repeat Washington.

TAIWAN STRAITS

Reports now indicate that neither the United States nor the Chinese Communists wish to see the Warsaw discussions broken off and some progress might be made in them in view of the modified positions being taken by Washington and Peking. If the general atmosphere were to deteriorate again, however, and the Warsaw discussions were to remain deadlocked, there would appear to be some advantage in attempting to prevent their collapse by some form of mediation. It would seem dangerous to allow the Warsaw talks to fail before attempting mediation, since the situation might then get out of hand.

2. We are not surprised at Peking's attitude that direct intervention by the United Nations in the form of negotiations by the Secretary-General would be unacceptable because of the situation with regard to Chinese representation in the United Nations. On the other hand it is interesting that the Chinese Ambassador in Oslo, speaking personally, thought that the good offices of a group of several persons might be useful.

3. We would suggest that this exchange between the Chinese and Norwegians has shown that, if the Warsaw talks should again become stalled, consideration might profitably be

given to the proposal that three eminent personalities should be invited to give their assistance to the Warsaw negotiations. We have previously suggested three former Presidents of the General Assembly in order to maintain an indirect United Nations relationship to the mediations. This would not be essential however and it might be that the Norwegians, in view of the interest they have already shown in the Taiwan Straits question should be represented on a negotiation group if one were constituted.

4. We are sending to the delegation by bag a note discussing further the proposal for mediation by three outstanding personalities which was made in our memorandum to you of September 29, in the light of Mr. [A.E.] Ritchie's comments of October 2.

[JULES] LÉGER

---

452. DEA/50056-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2457 Washington, October 8, 1958

CONFIDENTIAL. OPIMMEDIATE.

Repeat London, Paris, NATO Paris, Candel New York (Information).
By Bag Delhi from London.

TAIWAN STRAITS

Lutkins (Deputy Director, Chinese Affairs) said today that the State Department's initial interpretation of the de facto cease-fire announcement by the Chinese Communists on October 6 was that Chinese Communist forces opposite Quemoy had run into logistic difficulties, that they wished to take advantage of their need to pause in the bombardment and that they would resume artillery operations at the conclusion of the seven day period. He went on to say that while this interpretation was still possible, subsequent developments tended to favour an opposite interpretation that the cease-fire did not repeat not arise from supply problems and that it might be of indefinite duration. The chief basis for this interpretation was a statement issued by the Communist Ministry of Foreign Affairs in Peking containing a twenty-fourth warning to the USA for air intrusions up to October 7. The statement goes on to note that for a whole day following, however, there were no repeat no intrusions by USA warships or aircraft into Chinese territorial waters and air space in the Amoy area, and that as a reaction to the demand to the USA to stop escorting convoys this absence of intrusion was worthy of notice. The statement goes on to say that if the USA wishes to carry on peaceful negotiations it should first of all stop its escort activities, stop intruding into Chinese territorial waters and air space and stop all military provocations and war threats against China. Lutkins observed that at the time of the Peking Foreign Minister's statement, all three of these steps had already been taken by the USA. He went on to note that on this occasion the Chinese Communist authorities had made no repeat no demand for withdrawal of USA forces from the entire area. Lutkins said that the Communist Foreign Ministry statement, with its more modified demands, would appear to suggest that the Chinese Communists were thinking in terms of a protracted cease-fire.

2. Lutkins said that at the meeting of October 4 in Warsaw, Wang Ping-Nan had given no repeat no indication whatsoever that this new development was in the offing. Lutkins said

that in that meeting and the previous one, Ambassador Beam had concentrated principally on getting into the record the USA view that the Quemoy situation was an international dispute and should be settled by means appropriate to an international dispute, i.e. negotiation, mediation etc.

3. Lutkins said that Wang had rejected the USA approach to this problem in toto but had revealed some sensitivity to the question of Soviet involvement in the dispute. Wang had argued rather weakly that it was only natural that the Soviet Union should voice its support in such a just and honourable cause. Wang had also shown some sensitivity and weakness with respect to the general argument that the Quemoy issue bore a resemblance to other situations as in Goa, Kashmir and the divided countries and that none of these should be settled by a resort to force. Lutkins thought that Wang's sensitivity on this point was related to the Chinese Communists apprehensions that the Quemoy situation, as it has developed, might contribute to rather than detract from the general international acceptance of the idea of a two-Chinas solution.

4. In this connection, Lutkins thought that Chinese Communist anxiety about the possible growth of international support for a two-Chinas solution might also help to explain the current cease-fire. In this connection, Lutkins referred to discussions in the Afro-Asian bloc in New York concerning a possible declaration which might point in the direction of a two-Chinas solution. Peking might have decided to lower the temperature at Quemoy to offset the possibility of any such declaration which would promote the idea of a two-Chinas solution.

5. With respect to future meetings at Warsaw, Lutkins thought that the USA would seek to lay the ground work for further extension of the de facto cease-fire. He envisaged the possibility that the USA representative would advance arguments about the desirability of a reduction of forces on the Mainland opposite Quemoy as part of a discussion of the reduction of provocations in the area. Lutkins added that the USA would not repeat not, of course, expect the Chinese Communists to agree to any such reduction of force on the Mainland or even to carry out such a reduction on a de facto basis.

6. With respect to the military position on the islands, Lutkins said that it had been estimated that during the bombardment since August 23, 50 percent of the fire had been directed at Quemoy, 25 percent at Little Quemoy and 25 percent at the Tan Islands. For their size the Tan Islands had received a disproportionately large share. All surface installations on these islands had been destroyed and the garrison was living in caves underground in very bad condition, though the morale of the garrison was reported to be good. It had been extremely difficult to get any supplies at all to the Tan Islands during the bombardment (Lutkins spoke of small bundles of supplies being pushed over by frogmen) and the islands were now militarily worthless. Lutkins expressed the hope that the Nationalists would take advantage of the cease-fire to remove their forces from the Tan group. The islets would be of no repeat no use to the Communists as long as the Nationalists held Quemoy.

7. The supply position on Little Quemoy had also been unsatisfactory — air drops had been tried for a time but had been discontinued since the Communist artillery was zeroed in on the drop area and nearly 90 percent of the supplies dropped were destroyed before they could be picked up. Supplies to both Big and Little Quemoy were of course being built up during the cease-fire. Lutkins agreed that the Communists could hardly be planning to resume their artillery blockade as before since they were permitting all types of supplies to be taken in to the islands during the cease-fire.

8. Lutkins said that the Chinese Nationalists had initially been very unhappy about the USA decision to discontinue escort activities while the cease-fire lasted, but now seemed

resigned to the fact. He said that Chinese Nationalist apprehensions probably related mainly to the long term situation and to the possibilities that arrangements might be made which would circumscribe their position: undoubtedly they would be happier in an out and out military situation, particularly one in which they could depend on full USA support.

9. Lutkins said there was even less interest in the State Department in any initiative to bring up the Quemoy situation in the UN than there had been a week ago. He was confident that the Chinese Communists were also anxious to keep the matter out of the UN, presumably to ensure that the two Chinas idea would have no repeat no opportunity to grow.

10. We asked Lutkins whether the State Department had given any thought to the idea put forward by Reston of the *New York Times* (and mentioned to you in an earlier communications) of a declaration of guarantee for Formosa by a number of governments. Lutkins said it had not repeat not been examined in any detail. He thought that the idea had certain attractions but that it would also present difficulties from the Chinese Nationalist point of view, since they too felt they had to be on their guard against any proposals with implications of the two-Chinas approach. He thought, however, that after this experience the Chinese Nationalists might be interested in some wider type of support than they have received in the current crisis, even though the USA commitment of support to Nationalist China will remain basic for them.

---

453. DEA/50056-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2475 Washington, October 10, 1958

SECRET. OPIMMEDIATE.

Repeat Permis New York (for Minister) (OpImmediate), London, Paris, NATO Paris (Priority) (Information).

CHINESE SITUATION

When taking leave of Secretary Dulles this afternoon, I expressed an interest in knowing how he now viewed this situation. He replied that they were mainly occupied in waiting anxiously to hear whether or not repeat not the "guns start booming" this Sunday. He intimated that if this activity is not repeat not resumed, the USA would be making another effort to advance matters in the Warsaw talks. He did not appear very optimistic about the prospects for progress since in his opinion the Communist Chinese had been unwilling to consider any constructive ideas which the USA had put forward in the past.

2. Secretary Dulles remarked that it was not only impossible to forecast what might happen in these talks in the future but it was even difficult to determine why the Communist Chinese had decided to participate in such talks at all. From the outset they had shown no repeat no willingness to discuss any subjects. Every time the USA representative put forward a proposal, the Chinese response was that it was completely unacceptable. When the USA representative asked the Chinese to specify the points which were found objectionable, they merely replied again that the whole thing was quite unacceptable. He did not repeat not know whether this attitude would change.

3. At the conclusion of the interview, Secretary Dulles observed that some of the views of the Canadian Government on this situation might be different from those of the USA Administration. He presumed, however, that Canada's interests in the area were a good deal less than those of the USA which was carrying such heavy responsibilities. He noted that the line which they were trying to hold (running from the Philippines up into Indochina and encompassing Indonesia, Australia, etc.) was precarious and could only be held with the greatest difficulty. It was most important that the impression should not repeat not get around in this region that Communism was the "wave of the future." Secretary Dulles was hopeful that the Canadian Government would understand their difficulties and would not repeat not risk a serious open divergence of views with the USA over this situation, especially since the Canadian interests involved were much smaller than those of the USA.

4. In the light of Secretary Dulles' remarks about the possibility of a further conciliatory effort being made in Warsaw or elsewhere, I enquired whether any new initiative might not repeat not include a proposal for bringing the Communist Chinese, and probably the French, into the talks on nuclear tests. The inclusion of these two countries in such discussions might seem fairly natural in view of the obvious need for detection facilities in such a large area as Mainland China and in view of the activities of the French in the nuclear weapons field. Such an invitation (which might be extended somewhat reluctantly in the case of Mainland China) could help to satisfy the prestige requirements which in different ways undoubtedly loom large in the calculations of both governments, as indicated by a good deal of evidence in the case of Communist China and especially by the new de Gaulle proposals in the case of France. This kind of an initiative at this time might therefore serve several purposes without really slowing down effective negotiations over tests. Dulles remarked that he found this idea interesting, but did not repeat not comment on it further.

[N.A.] ROBERTSON

454.

DEA/50056-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2560

Washington, October 21, 1958

SECRET. PRIORITY.

Repeat London, Permis New York, NATO Paris, Paris (Priority) (Information).

SITUATION IN OFF-SHORE ISLANDS — DISCUSSION WITH MR. REINHARDT

We called on Reinhardt, the State Department Counselor, yesterday to see if he could shed any light on the mission of Mr. Dulles to Taiwan. Reinhardt said that as the State Department communiqué had indicated, the meeting had been arranged on the initiative of Chiang Kai-shek. The opportunity was being taken by the Secretary to discuss problems in order to strengthen mutual confidence at a time when the Communists were seeking to drive a wedge between the USA and the Nationalists, and also to take advantage of the occasion to improve the prospects for a reasonable response on the part of Chiang to measures calculated to lower the temperature in the area of the off-shore islands. Walter Robertson had left separately with the Chinese Ambassador here, George Yeh, and the

Secretary was only to be accompanied by his Special Assistant (Reinhardt referred with some concern to the mishap on the aircraft en route to Rome in which Mr. Dulles had wrenched his back). The crossfire of public statements over the past 10 days emanating from Moscow and Taipei and also from Peking had made a private talk useful at this time. The visit had originally been conceived in the frame work of the cease-fire observed by the Communists and broken by them in the last 24 hours. Before these recent developments had occurred, which the State Department was examining closely, there had seemed to be some prospect of achieving a reduction in the forces stationed on the off-shore islands. Reinhardt made it clear, however, that this process could only go on if there were a continued and dependable cease-fire, and indicated that any more far-reaching solutions to the problem of the off-shore islands were considered to be matters for the longer term. He thought that in general the USA position had received substantial support, particularly from other countries in the immediate area.

2. Drawing on his experience of Vietnam, he said that while he had been in Saigon, President Diem had frequently expressed private criticisms of Chiang's mismanagement of current problems, and of his efforts to speak on behalf of Chinese overseas. With the onset of the latest off-shore islands crisis, however, Diem's tune had changed, and he had been urging the Americans to take the firmest possible line. Although senior Philippine officials were worried by developments, they too had given private indications of their support of the USA position. Even the Indonesians, he said, had indicated that while they could not repeat not speak out publicly, they were opposed to any signs of weakening in the face of Communist China's aggressive tactics.

3. Reinhardt added that the parallel had frequently been drawn with other divided states where tension had been eased by the creation of a demilitarized zone. While this might become a long-range possibility in dealing with the problem of the off-shore islands, it could not repeat not come quickly, and more limited steps would be necessary, among which once a dependable cease-fire were achieved, would come some numerical reduction of forces. We drew Reinhardt's attention to press reports that such reduction might be offset by an increase in the fire-power of the remaining Nationalist forces on the off-shore islands. He did not repeat not give too much weight to this, and emphasized that any strengthening of the position in terms of weapons would be purely of a defensive order. With regard to the Communist charges that USA vessels had violated the truce by escorting Nationalist supplies within the Chinese Communist definition of their territorial waters, Reinhardt indicated that this had been firmly denied by USA officials on the spot but added the comment that most Chinese Nationalist vessels engaged in escort duty were of USA origin, and that the possibility of mis-identification could not repeat not be ruled out. He was inclined to think that the Communists frequently made these charges in order to take credit for any consequential restraining measures which the USA might put into effect. He thought that there was no repeat no evidence to show that the resumption of hostilities had been geared to the Secretary's visit, but he did not repeat not exclude this possibility.

4. Before our discussion ended, he drew attention to a report they had received from London of a *Daily Mail* report (October 18) datelined Moscow which referred to a story by a correspondent named Ben, to the effect that serious differences of opinion had developed between Mao Tse-Tung and Khrushchev concerning Molotov's future. According to this report, the Chinese Communists were urging Khrushchev to take Molotov back into a position of authority in the Soviet hierarchy. The State Department had not repeat not yet come to any conclusion as to the significance of the story, but you may be hearing more about it from our mission in London.

455.

DEA/50056-B-40

Le secrétaire d'État des États-Unis
au secrétaire d'État aux Affaires extérieures

Secretary of State of United States
to Secretary of State for External Affairs

SECRET

Washington, October 27, 1958

Dear Sidney [Smith]:

I had a very satisfactory three days at Taipei. I spent several hours in extended and private discussions with President Chiang Kai-shek. Also we talked with the other top officials of the Government and they include, I was glad to realize, some very capable people. The result was, I think, the public acceptance by the National Government of a new concept of their mission, one which on the one hand would keep alive the virtues of Free China and on the other hand exclude the use of force against the Mainland. Thus, the National Government, so far as it is concerned, puts itself in the same position as the Federal Republic of Germany, the Republic of Korea and the Republic of Vietnam as not seeking reunification by force. Of course, in these three cases there is reciprocity on the other side. Unhappily, in this case there is no reciprocity. On the contrary, the Chinese Communists seem determined to keep up a situation of military harassment. The Peiping radio announced that they had "defeated my plot" to bring about a permanent cease-fire. They are not willing in Warsaw even to discuss the offshore islands and they make it clear that their main goal is Formosa itself. They seem to be concentrating on tactics which they hope will open up a breach between the National Government and the United States. I do not think that they will succeed. But the situation will require careful and diplomatic handling from our standpoint.

I am going to New York tomorrow and will speak briefly at the dinner for your Prime Minister.[62] I had thought that you would perhaps be there and we could talk together. However, I learn that you do not plan to attend, so I send you this note as an inadequate substitute for personal conversation.

Sincerely yours,
JOHN FOSTER DULLES

456.

DEA/50056-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2669

Washington, October 30, 1958

SECRET. PRIORITY.

Repeat Candel New York, London, Paris, NATO Paris (Priority) (Information).

---

[62] Voir/See United States, Department of State, *Bulletin*, Volume XXXIX, No. 1012, November 17, 1958, pp. 765-767.

TAIWAN STRAITS

We asked Lutkins (Deputy Director, Chinese Affairs) today how the so-called Nationalist renunciation of force in the joint communiqué of October 23 issued following the conclusion of Mr. Dulles' talks with Chiang Kai-shek[63] should be interpreted since a subsequent statement by Ambassador Yeh had implied that there were significant qualifications to the renunciation. Lutkins first pointed out that a renunciation of force as given in the joint statement of October 23 itself was qualified: The statement said in effect that the use of force was simply no longer the principal means by which the Nationalist Government could successfully achieve its mission of restoring freedom to the people on the Mainland. Lutkins said that the renunciation as it stands would not repeat not rule out the use of force by Nationalist China in the event of a major uprising on the Mainland. In the short term the renunciation meant that Nationalist China would only use force to repel attacks upon it or its territory by Communist China.

2. We asked Lutkins whether the renunciation meant that Nationalist China would not repeat not interfere with shipping entering and leaving the ports of Amoy and Fuchow and would not repeat not engage in flights by Nationalist air force aircraft over the Mainland for reconnaissance or other purpose. Lutkins said that the meaning of the renunciation had not repeat not, so far as he knew, been spelled out with respect to such activities. He pointed out, however, that there had been no repeat no interference from the offshore islands in the movement of ships entering and leaving Chinese Mainland ports for the past 18 months.

3. Lutkins went on to say that Mr. Dulles considered the real significance of the joint communiqué to be in the public statement by Nationalist China of its intention not repeat not to use force as a principal means of achieving its mission. Lutkins said that Nationalist Chinese leaders had privately held realistic views of their capabilities for some time, but had been reluctant to state these publicly. We gained the impression that Mr. Dulles had not repeat not found it easy to persuade Chiang Kai-shek to subscribe to the statement in the joint communiqué and that his reluctance stemmed from his fear of an adverse effect of such a statement amongst the overseas Chinese and amongst the Mainland Chinese on Formosa. Lutkins said that since the publication of the communiqué there were no repeat no indications of disappointment on the part of Mainland Chinese on Formosa.

4. Referring to the statement in the communiqué that the USA recognizes "that the Republic of China is the authentic spokesman for a free China and of the aspirations entertained by the great mass of Chinese people," we enquired whether there was any means of assessing whether the State Department doctrine concerning the value of Formosa as a rival pole of attraction for the sympathy of overseas Chinese was effective. Lutkins said that there were few ways of measuring the success of the policy. One indicator of limited value was the number of overseas Chinese students coming to Formosa: In the past few years the number of these students had risen from a negligible figure to some 8,000 who are now in Taiwan. Lutkins remarked that this figure was the maximum which the Nationalist Chinese authorities would like to have. Over the same period there was some evidence that the number of overseas Chinese students going to Mainland China had declined. There were, of course, some negative factors at play here: some overseas Chinese had been put off by reports about the difficulties encountered by overseas Chinese students attending educational institutions on the mainland and in addition the Communist Chinese authori-

---

[63] Voir/See United States, Department of State, *Bulletin*, Volume XXXIX, No. 1011, November 10, 1958, pp. 721-722.

ties themselves had recently not repeat not made it too easy for these students to enter Communist China.

5. We observed that Communist Chinese propaganda recently seemed as much preoccupied with their fear of the spread of the two-Chinas idea as with the fear of USA aggression against the Mainland. Lutkins said that the Chinese Communist authorities had been much concerned about the spread of the two-Chinas idea ever since the International Red Cross Conference in Delhi 18 months ago. Since that time they had followed a rigid policy of refusing to participate in any international organizations of which Nationalist China was a member. Communist China had, for instance, withdrawn from the I[nternational] G[eograpical] Y[ear] and from the International Olympic Association because Nationalist China belonged to both of these organizations. Lutkins said that the State Department was convinced that one of the principal reasons why the intense bombardment of the offshore islands had been called off was apprehension on the part of Communist China that continuation of the bombardment might tend to promote the circulation in the UN particularly of proposals that would give further substance to the two-Chinas idea. Lutkins expressed the opinion that Communist China would now refuse to accept the offshore islands as an unconditional gift for fear that such a move would enhance the possibility of a more general international acceptance of two Chinas.

6. Lutkins said that the question of reduction of force upon the offshore islands had not repeat not been discussed in any detail during Mr. Dulles' visit to Taiwan. Discussions on this point would continue on a military level and would be in terms of the effective deployment of Nationalist military forces.

7. We asked Lutkins whether there was any evidence to indicate that Communist China was either preparing for a new type of military attack on the offshore islands or was altering the deployment of their forces on the Mainland in such a manner as to suggest that the present phase of military operations had definitely come to an end. He said that the Chinese Communist forces opposite Quemoy had used the recent lull to repair battery positions and to install some new guns, but their activities did not repeat not point to any new major operations. On the other hand, there had been no repeat no indications of any movement of military forces away from the Amoy area.

8. Lutkins said that it appeared, however, that the Chinese Communists had now shifted their major effort to the political and psychological front. In addition to their on-again off-again bombardment, and their attempts to convince the Nationalists through radio broadcasts that they were simply being used by the USA, the Chinese Communists were continuing to promote the circulation of rumours in Hong Kong and Singapore which suggested that actual negotiations were going on between the Communists and the Nationalists. One of the principal agents for the circulation of these rumours was a Chinese Communist agent in Hong Kong named Tsao Chu-Jen, a free-lance journalist.

9. Lutkins said that so far as the top level leaders in Formosa were concerned there was no indication whatsoever of any degree of receptivity to the Chinese Communist propaganda blandishments. He added that one might expect a greater degree of vulnerability amongst the middle level officials and officers who might feel themselves frustrated in their present position and who might be particularly anxious to rejoin their families on the Mainland. Even amongst this group, the State Department was not repeat not aware of any susceptibility to Communist propaganda.

10. We asked Lutkins whether, in view of the general relaxation of tension, the State Department had now written off the possibility that the Taiwan Straits issue might be brought up at the current session of the General Assembly. He said that if, as now seemed

likely, the situation in the Taiwan Straits were to revert more or less to the status quo before August 23, the Communists could be relied upon to take some future opportunity to heat the situation up again. Against this possibility the State Department saw a real need for the USA to demonstrate that it had left no repeat no stone unturned to work out a satisfactory peaceful solution to the situation. To ensure the best possible public posture for the USA and Nationalist China, therefore, it might be desirable to have the matter raised in the General Assembly during its present session. Lutkins said that this matter was now being considered in the State Department, but no decision had yet been reached. Lutkins was unable to say what form of initiative the USA would like to take in the General Assembly in this connection, though clearly the object would be to gain as wide spread support as possible for the USA and Chinese Nationalist position.

---

457. DEA/50056-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 3051 Washington, December 15, 1958

CONFIDENTIAL
Reference: Our Tel 2669 Oct 30.
Repeat Candel New York, London, Paris, NATO Paris (Information).

TAIWAN STRAITS

We asked Lutkins (Deputy Director, Chinese Affairs) today whether the State Department had given any further consideration to the possibility of raising the Taiwan Straits issue again before the conclusion of the current session of the General Assembly. Lutkins said that it had been decided not to do so. In reaching this conclusion the State Department had in mind the fact that the Taiwan Straits situation was no longer an urgent issue; furthermore, in view of the known Communist position that the UN was not competent to deal with this problem, any initiative in the General Assembly would be a sterile exercise. A third point was that the Nationalist Chinese Government had little enthusiasm for any move to bring the Taiwan Straits situation before the General Assembly, since it was likely that in such circumstances the Chinese Communists would have to be invited to state their case at the UN. Finally, the State Department had concluded that any initiative to secure general support for the USA position on the Taiwan Straits issue would only open a Pandora's box of troubles in the form of unpalatable resolutions put forward by well-meaning governments and a further rehash of the issue of Communist Chinese representation in the UN. Lutkins said that in reaching a negative decision on this matter the State Department recognized that if the Taiwan Straits situation should warm up again in the future the USA might be accused of having failed to take every action open to it in order to reach a satisfactory settlement.

2. The question of renunciation of force in the Taiwan Straits situation was discussed further with the Chinese Communists at Warsaw on November 25 and again on December 12 with both the Chinese and USA positions being restated essentially as before.

3. At the November 25 meeting the USA representative had also taken up again the question of USA prisoners in Communist China and some specific points in connection with

the transmission of mail and packages to the prisoners. Wang Ping-Nan had at first objected that the introduction of this question was out of order in the Warsaw discussion and claimed that the USA representative was trying to create a diversion. The USA representative had, however, insisted that the question of prisoners had been on the agenda of the original Geneva talks and could therefore legitimately be raised at the Warsaw meeting. In the subsequent meeting of December 12 Wang again complained about the raising of these side issues and asserted that any problems in connection with transmission of mail and packages to prisoners was a matter for discussion between the Red Cross societies of the two countries.

4. At the November 25 meeting the USA representative had also enquired about Bishop Walsh of the Maryknoll Order who had been missing for the past couple of months. Bishop Walsh had qualified for an exit permit in 1955 but had chosen to remain on in Shanghai. At the December 12 meeting Wang Ping-Nan had informed the USA representative that Bishop Walsh had violated Chinese Communist law but gave no information about his whereabouts. The USA representative had also enquired about the whereabouts of two USA citizens who had been missing since July when the yacht in which they had been travelling from Taiwan to Hong Kong had failed to arrive at its destination. They had also enquired about four USA citizens who had been lost on a Chinese Nationalist aircraft which had failed to reach Taiwan from Matsu during the height of the Quemoy crisis. The Chinese representative had no information to supply on any of these prisoners.

5. Lutkins said that the next Warsaw meeting was scheduled for January 9 and it was expected that they would occur approximately once a month thereafter. On the basis of the past two meetings it could be expected that future meetings would involve a routine exchange on the basic positions of the USA and Communist China with respect to the renunciation of force together with further efforts to secure information about USA citizens held by the Chinese Communists.

3e PARTIE/PART 3

LA RÉPUBLIQUE POPULAIRE DE CHINE PEOPLE'S REPUBLIC OF CHINA

SECTION A

MISSION COMMERCIALE CANADIENNE CANADIAN TRADE MISSION

458. DEA/9030-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 13, 1957

VISIT TO CHINA OF MR. T. M. POPE

The Minister of Trade and Commerce has authorized Mr. C. M. Forsyth-Smith, Canadian Government Trade Commissioner in Hong Kong, to visit Communist China in mid-October to study the market there for Canadian wheat and other commodities and to investigate the feasibility of a Canadian Trade Mission visiting mainland China at a later date.

2. The Department of Trade and Commerce has requested our approval for Mr. T. M. Pope to accompany Mr. Forsyth-Smith on his trip to China, either as an assistant to the Trade Commissioner or as an interpreter. Mr. Pope is an officer of the Department of External Affairs who has been studying Chinese in London and Hong Kong for the past two years and who will remain in Hong Kong for another year to combine language studies with official reporting duties.

3. There would be definite advantages for all concerned if Mr. Pope accompanied Mr. Forsyth-Smith on his trip to China. The Department of External Affairs would benefit from Mr. Pope's observations on conditions in China and these would be doubly useful coming from a Canadian who is also a member of the department. He would be a genuine asset to the Department of Trade and Commerce in assisting Mr. Forsyth-Smith and particularly in providing a reliable check on the official Chinese interpreters who will inevitably participate in trade discussions. Finally, the proposed trip would afford Mr. Pope an opportunity of gaining practical language experience of a type which is not available in the course of his Hong Kong language studies. I, therefore, recommend that Mr. Pope be authorized to visit Communist China as an assistant to Mr. Forsyth-Smith.

J.W. H[OLMES]
for Under-Secretary of State
for External Affairs

---

459. DEA/9030-40

Le sous-secrétaire d'État aux Affaires extérieures
au sous-ministre adjoint du ministère du Commerce

Under-Secretary of State for External Affairs
to Assistant Deputy Minister, Department of Trade and Commerce

SECRET Ottawa, October 2, 1957

Dear Mr. English,

TRIP TO CHINA OF MR. C.M. FORSYTH-SMITH AND MR. T.M. POPE

During the course of official discussions which Mr. Forsyth-Smith will have while in Communist China it can be expected that the Chinese will raise a number of subjects not directly related to the purpose of his mission as outlined in your letter of September 11† to Mr. Forsyth-Smith, a copy of which you kindly referred to us. In order to lighten Mr. Forsyth-Smith's task it has occurred to us that you may wish to provide him with some guidance on topics that might otherwise prove embarrassing if they are broached by the Chinese. The subjects with political overtones that the Chinese may attempt to discuss are listed below along with the Canadian attitude toward them. These are, of course, topics which Mr. Forsyth-Smith would not want to raise, but which he could discuss along the lines indicated, if the Chinese take the initiative in raising them.

(a) *Ming Sung Loan*

In 1946 the Ming Sung Industrial Company of China obtained a loan of $12,750,000 from three Canadian commercial banks.[64] The loan was jointly guaranteed by the Government of China and the Canadian Government. With the loan and some additional investment of its own, the Ming Sung Industrial Company had nine ships built in Canadian yards. The Company met its financial obligations until June, 1951, when it defaulted on the first instalment of the principal because the funds reportedly set aside for this purpose in the United States were frozen by the United States Government (because the Company's Head Office was then located in China proper). The original loan was to be liquidated in ten years by annual instalments of $1,275,000 plus 3% interest. No payments of principal or interest have been made since June, 1951, and the amount of principal outstanding at the present time is approximately $9,000,000.

From time to time various indications have been given by the Chinese Communists that they would welcome discussions leading to a settlement of the Ming Sung loan. Most recently these have linked a loan settlement with general Sino-Canadian trade promotion. The Canadian Government's position is that there is no reason to link these two questions; that the loan was incurred by a Chinese company with Canadian commercial banks; and that there are no obstacles on the Canadian side to prevent repayment of the loan through normal commercial banking channels.

The Chinese may suggest a loan settlement by means of blocked sterling and/or Chinese funds frozen in the United States if Canada will persuade the U.S. Government to release them. For Mr. Forsyth-Smith's personal information, both of these avenues have been explored and found to be impracticable. Blocked sterling cannot be used for such purposes and the United States has refused our request to release frozen Chinese funds. It is also possible that the Chinese may suggest a barter agreement to settle the Ming Sung loan, but this, of course, is something that the Canadian Government could, and the bank probably would not become directly involved in, and it would necessitate recourse to private intermediaries. Although these methods of settling the loan are not feasible, there appears to be no good reason to prevent the Chinese from taking advantage of the favourable balance they enjoy in their trade with Canada to repay the loan by normal commercial banking means.

(b) *Canadian Loan to China*

On February 7, 1946, an agreement was signed in Ottawa which provided for a $60,000,000 credit to China.[65] The loan was made under the Export Credits Insurance Act, was to bear 3% interest and was to be repayable in equal instalments of principal, beginning in 1948 and extending over thirty years. $35,000,000 of the credit were to be for the purchase of civilian supplies needed for post-war reconstruction purposes and the remaining $25,000,000 were to be for military supplies. The Canadian Government has taken the position that the Peking Government should be expected to assume responsibility for roughly $40,000,000 of the $60,000,000 credit. This figure includes the $35,000,000 originally ear-marked for civilian supplies and approximately $5,000,000 of the military portion of the loan which was in fact used for non-military projects by the Nationalist Government of China and which directly benefitted the economy of mainland China.

---

[64] Voir/See Volume 12, Document 1131.

[65] Voir Canada, *Recueil des traités*, 1946, N° 20.
See Canada, *Treaty Series*, 1946, No. 20.

(c) *Recognition of Communist China*

I think that Mr. Forsyth-Smith would wish to indicate that he is not empowered to discuss this subject.

(d) *Chinese Property in Canada and Canadian Property in China*

There is virtually no sequestered property in Canada belonging to owners in Communist China. The total value of assets held by the Custodian of Enemy Property as a result of World War Two is about $36,000.

However, there is a considerable amount of Canadian owned property in China, but this question is not likely to be raised by the Chinese. If it is, Mr. Forsyth-Smith might indicate that this is a matter in which the Canadian Government is naturally interested in seeing that its citizens are given fair treatment. In fact, this is a question which might ultimately be of some significance in any preliminary negotiations prior to recognition of the Communist régime, but this should not be mentioned by Mr. Forsyth-Smith.

For Mr. Forsyth-Smith's personal information the former Canadian Embassy in Nanking is still owned and maintained by the Canadian Government. It would not be advisable to visit this property even if Messrs Forsyth-Smith and Pope happen to be in Nanking.

(e) *Canadians in China*

As far as we know there are at present no Canadians under detention in China and, therefore no problem should arise in this connection.

A group of five Canadians travelled to China after the recent Moscow Youth Festival and they are believed to be still in China. Their names are: [five lines were removed/cinq lignes ont a été supprimées]

There are approximately forty other Canadians in China most of whom are of Chinese racial origin, but as the list of these people was supplied by Mr. Forsyth-Smith there is no point in reproducing it here. In addition "Two-Gun" Cohen is en route back to China and may be there at the same time as Mr. Forsyth-Smith and Mr. Pope.

There is no reason, so far as we are concerned, why these subjects should not be discussed with members of the United Kingdom mission in Peking.

2. There are a number of political topics on which we are interested in obtaining information, and the opportunity offered by Mr. Forsyth-Smith's mission for first hand observation has encouraged us to prepare a brief covering these topics. This is attached and it is our hope that you will agree to forward it to Mr. Forsyth-Smith in addition to any instructions you may be sending him relating to the commercial aspects of his mission. If the list appears to be rather formidable at first sight, I would like to assure you that we are fully aware that the primary objective of the mission is trade promotion and that this should receive first call on time and effort expended. However, we thought it would be worthwhile to prepare a fairly comprehensive brief as an indication of the range of our interests, and we hope that Mr. Forsyth-Smith and Mr. Pope will be able to provide us with their views on as many of these subjects as possible after their return to Hong Kong. I am not sending any separate guidance to Mr. Pope, but it is our hope that he will be able to perform much of the work entailed in preparing reports on the subjects covered by the brief. Three copies of the brief are enclosed for your convenience and these have been typed on

plain paper for security purposes. Because this material is classified as "secret" we would be happy to assist in seeing that it goes to Hong Kong by air carrier through London.

Yours sincerely,
J.W. HOLMES
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

POLITICAL

(a) *Security of the Peking Régime and its Confidence in its Ability to Maintain Control in China*

What evidence is there to support recent press reports claiming relations are strained between the top three Chinese Communists, Mao Tse-tung, Chou En-Lai and Liu Shao-chi, because of a growing divergence of opinion on domestic policies?

(b) *Attitude of the Peking Régime Towards Broadening Contacts with the Western Powers*

A close observer of the Chinese Communists recently stated that in his opinion it suited China's domestic and foreign policies to remain outside the United Nations and unrecognized by the U.S.A. What evidence is there to support or challenge this assertion?

(c) *Relations with the Soviet Bloc, with Particular Emphasis on the USSR, Poland, Yugoslavia, North Korea, North Vietnam, and Outer Mongolia*

What is China's role in the Communist bloc today?

Is China now considered to be the ideological centre of the Communist world, and Mao Tse-tung the chief architect of Communist ideology?

Is there any evidence to indicate that China would welcome a reduction in dependence on the Soviet Union, particularly in matters of trade, industrialization, mechanization of agriculture, etc.?

Information on commercial and cultural relations with members of the Communist bloc would be useful.

(d) *Relations with Other Asian Countries*

How much importance is attached by the Chinese Communists to friendly relations with other Asian countries? Would it appear that China intends to take any fresh initiatives to extend its influence in Asia, in the near future?

What is the Chinese attitude toward neutralism?

What are the thoughts of members of Asian embassies in Peking on these questions, for example, are the Indian, Burmese or Indonesians more critical of the Chinese Communist now or do they think that relations are improving between China and the countries they represent?

(e) *"Blooming and Contending" Policy*

Was Mao Tse-tung's purpose in initiating this policy merely to classify and weed out his opposition or was it a genuine desire to root out inefficiency in his régime? If it was the latter, has the unexpected extent of the ensuing criticism caused the original purpose of the "Blooming and Contending" policy to become perverted into one of revealing and extinguishing the opposition? What has become of Chang Nai-chi, Chang Po-chun and Lo Lung-chi? It appears that they are still under fire, are still being subjected to interrogation, and are still under pressure to confess more details of their treachery. No reports that we have seen have suggested that they have lost their official jobs, or that imprisonment, or a worse fate, awaits them. So far, the campaign against "rightists" appears to have affected primarily non-communist party personages, those with Kuomintang backgrounds and only minor Communist Party officials. Are there any indications that important Communist Party members may be affected?

(f) *The Communist Party*

Is it possible to assess the degree of support for the Communist Party amongst Chinese intellectuals? Are there many genuinely competent men in the Party organization, or is the Party riddled with small men who are only capable of following Soviet methods and procedures? Mao himself has demonstrated his ability for original thinking and for the adoption of a pragmatic approach to new situations. How many men in the Party councils are capable of this type of thinking and approach to problems? Are these men concentrated in Peking or have they counterparts in control of the regional administrations of China? In other words is the central administration top-heavy while the outlying areas are short of able personnel?

(g) *Intellectuals*

Is there evidence of continuing unrest amongst students and/or professors or teachers. If so, how serious and how extensive is it? Is it likely to affect Government policy and, if so, in what ways? Does it appear that intellectuals with Western training are being singled out by the Government and Communist Party for harsh treatment.

(h) *The Peasantry*

An analysis of the degree of success or failure achieved in the Communist land reform programme would be welcome. How complete is the programme for the development of agricultural cooperatives and collectives? Are there signs of serious opposition to this programme? What effect has the whole land reform programme had on the social habits of rural dwellers? Have the Communists been able to change the basic patterns of village and family organization, and if so in what ways and to what degree?

(i) *Taiwan*

Is the current "soft" policy toward Taiwan likely to continue? Is there any evidence of a tougher line that might culminate in an attempt to capture at least the off-shore islands? Are there any indications to suggest that the Communists might agree to a "two-Chinas" policy for at least a limited period of time?

(j) *Hong Kong and Macao*

Is there any evidence to suggest that the Chinese Communists will endeavour to take over these territories by force or at least that they intend to make things difficult for the Hong Kong and Macao authorities in the near future?

(k) *Political and Economic Conditions in General*

Any information on the state of agriculture, grain procurement, raw material supplies, religious freedom, etc., would be welcome.

A. ECONOMIC

1. *General*

Any information in the following fields would be useful:

(a) Development of energy base with particular reference to developments in oil and hydro electric power.

(b) General outlook for food production in relation to the pressure of the population. General impression of impact of socialization on agricultural output. Measure of need for fertilizers and mechanized equipment.

(c) Information on general pattern of industrial development and locations of new industrial centres especially in relationship to raw material base.

(d) Degree of building activity.

2. *Trade*

(a) What is the order of magnitude of China's planned imports for the Second Five-Year Plan?

(b) What would China like to import from the Western world?

(c) Do you have the impression she would like to reduce her dependence on the Soviet Bloc for industrial equipment?

(d) Is China interested in obtaining industrial credits from the Capitalist countries?

B. TRANSPORTATION AND COMMUNICATIONS

3. *Land Transport*

(a) What sections, if any, of the Shum-Chum/Canton/Hankow/Peking Railway are double-tracked?

(b) Does the new road/rail bridge across the Yangtze River at Hankow appear to be near completion?

(c) What is the average length of trains (in number of cars)?

(d) Is there a predominance of either 2-axle or 4-axle cars?

(e) Please describe the ferry arrangements between Wuchang and Hankow, and the type of capacity of the ferry.

(f) Please report any new construction or preparation for construction that you see on the railway.

(g) Any information on Canton's public transport system would be welcome.

4. *Water Transport*

Are there any signs of new construction in the port area of Canton?

5. *Air Transport*

(a) Which of Peking's three airfields is the main civil field for the city? Is it Lautienchang, about 5 miles WNW of Peking?

(b) Was any large scale airfield construction seen? If so, where?

(c) Any comments on Chinese civil air operations would be welcome.

6. *Telecommunications*

Please report any information you gain on Chinese telecommunications (including telephone) systems.

7. *Civil Defence*

Is there any evidence of Civil Defence activity, such as propaganda for recruitment, training of personnel, construction work on shelters, or indications that particular buildings would be earmarked for use as shelters in an emergency?

460. DTC/7-569

Le commissaire commercial à Hong-Kong
au sous-ministre adjoint du ministère du Commerce

Trade Commissioner in Hong Kong
to Assistant Deputy Minister, Department of Trade and Commerce

Hong Kong, November 26, 1957

Dear Mr. English:

RE: VISIT TO MAINLAND CHINA

Enclosed, in triplicate, is the general report on my discussions with various people and organizations during my visit to Mainland China.† This contains no classified material and should be suitable for distribution within the Department. My classified report on general conditions in China, the structure of their trading system, and my recommendations as to how to approach this market, will follow by the next airmail. In the meantime, I will give you a brief summary of the highlights which may be useful.

As you are probably aware, all trade in China is channelled through a number of State-owned and operated Corporations. There are some 16 of these, and I felt it advisable to call on as many as possible and, in fact, saw all except the China National Tea Export Corporation in Peking, and a number of their branches in Tientsin and Shanghai. In the enclosed report I have recorded information provided by the various Corporations, although I realize that in some cases this information is not accurate, and was given with the deliberate intention of misleading. It was possible in a few cases to detect this misleading information, and in such cases I have added my own comments. In no cases was I able to pin down my informants and obtain accurate statistics of local production or import requirements.

As far as could be ascertained, there are virtually no private Companies now operating in China, and certainly none engaged in import or export trade. There are still a few State-Private Companies, which are, in fact, Companies which have been taken over by the Government, permitted to retain their own names, and operated on behalf of the Government by their old owners. Where these Companies were formerly engaged in the import-export trade, they are now incorporated into the State Trading Corporations.

In addition to the State Corporations and the State Private Companies, there are a limited number of foreign firms still operating in China. These include several banks, and less than a dozen trading companies such as East Asiatic, Ekman Foreign Agencies, Jardine, Matheson & Company Ltd., and a number of others which I shall list in my more detailed report. These companies do not import for their own account or maintain stocks, but merely act as intermediaries between the State Corporation and foreign suppliers which they represent. As far as could be ascertained, these companies are still valuable to the Chinese and will be permitted to operate just as long as their usefulness seems worthwhile. The general consensus of opinion among employees of these companies was that their days are definitely numbered, and that they will not last for more than 3 to [?] years.

This means that there are three approaches which Canadian companies may use to the China market:

(a) dealing direct with the Corporations

(b) dealing with the Corporations through one of the few foreign companies still in existence, and

(c) dealing through agents in Hong Kong.

It would seem that for most commodities the best approach would be direct to the Corporations since this is the approach which the Corporations themselves prefer. The next most desirable approach would be through one of the foreign companies providing they are not already handling competing lines. It would likely be extremely difficult for Canadian suppliers not already connected with these Companies to locate one which does not already handle a competing line. The least desirable approach is through agents in Hong Kong, and it is my very definite impression that this should be avoided. The Chinese do not like to deal through Hong Kong, and it is their deliberate policy to bypass Hong Kong whenever this is possible. They appear to be doing it with increasing success year by year, and I fear that Canadian companies depending on agents in Hong Kong will, in the long run, lose out.

As mentioned, I believe the most satisfactory approach for most commodities is direct to the Corporations, and in this connection I should mention the importance of personal visits to China which will enable suppliers to discuss their products with the buyers concerned and in some cases may possibly enable them to have discussions with end-users. I believe we should make every effort to encourage Canadian businessmen handling appropriate commodities to visit China.

Our reception in China can be considered reasonably satisfactory and as far as we could gather there was no attempt to make political capital from our visit. Political matters were raised from time to time, there were a number of oblique references to the embargo and a few direct references to it. On one occasion we were drawn into a frankly political discussion, but intimated we were not authorized to discuss such matters. This conversation will be fully reported later.

As regards our trade prospects in China, it is not possible to make any accurate guess of the potential, although it certainly does appear that prospects are quite good and that with a little effort our trade can be increased substantially. It should be remembered that in general the officials concerned with foreign trade in the various Corporations are not too well informed although some of them are extremely efficient. We were struck by the lack of knowledge of Canadian goods and feel that much is to be gained by a strenuous effort to acquaint the Chinese with what we have to offer. The methods by which we might do this will be dealt with in my next report.

Your cable of November 25th, which was received this morning, decoded as follows:

"Will you please send a brief cabled report on the results of your mission to China with special reference to wheat and this should be followed later by detailed written report."

My reply should have decoded as follows:

"#14 Reurtel 25th November definite prospects for increasing our exports to China. Woodpulp, fertilizers, aluminium ingot are best prospects. Definite interest in wheat although size of requirement undeterminable. Small trial order 1,000 tons #3 expected to be placed with Bank Line within days. No announcement should be made this regard until receipt of my confirming cable because this delicate politically to Chinese and premature announcement could jeopardise deal. Other promising items: kraft and other papers, chemicals, plastics materials, linseed, saw blades, insulin, artificial fibres, cellophane. Great interest in embargoed non-ferrous metals particularly nickel. Appears little interest in lumber and salt herring. Large purchases unlikely until about February/-March 1958 when allocations under new plan are under way. Important for sellers main items to visit China."

A few comments on the principal items of interest may be useful.

Wheat—As you may have expected, we took particular care to discuss wheat in all appropriate places and took with us samples, Wheat Board folders, and other literature which was left with the Branches of the China National Cereals, Oils and Fats Export Corporation in Canton, Peking, and Shanghai. We also took with us the film entitled: *Canadian Wheat*, which we showed to an audience of some 50 people in Peking. We had no opportunity to show it in Shanghai, since our stay there was limited. We did, however, leave the film on loan to the Corporation. They agreed to show it to all their officials who might be concerned with grain.

We found it most difficult to get any indication from the Corporation of the extent of their interest in wheat. We were aware, of course, that enquiries for wheat had been made by the Shanghai Branch of the Corporation, and on the day of our arrival in Canton we were approached by representatives of the Shanghai branch who wanted samples and information on Canadian wheat. They told us that their interest was merely in obtaining this information so that they would have comparative information for their future reference. We had been informed by the Hong Kong Manager of Bunge Corporation, and the Hong Kong Office of the Bank Line that the Shanghai Branch was in the market for a small order of 1,000 to 1,500 tons. We also saw the Bank Line representative from Shanghai who was at the time in Canton, and he informed us that there was no question that the Corporation would be placing a small trial order.

Our discussions with the Corporation in Peking on wheat were most discouraging, and we were told that China was self-sufficient in wheat and that the Corporation had received no instructions or intimations to the effect that imports were required. In Peking, the Corporation people were not inclined to even discuss wheat at first, but became somewhat more interested as our discussions wore on. We advised the Peking Corporation of the interest which had been shown in Shanghai, and were informed that it was unlikely that Shanghai would be making enquiries without direct instructions from the Head Office in Peking. We later discovered that the Branches of the Corporation have a good deal of autonomy and that it is quite possible for them to import virtually any commodity without the prior consent or even knowledge of their Head Offices. In Tientsin, the Corporation advised that they did not handle wheat and were not in a position to discuss it.

In Shanghai there was very evident interest and we were informed that the Corporation definitely intended to place an order of between 1,000 and 1,500 tons of Canadian wheat for trial purposes so that they could ascertain at first hand the quality. Their interest seemed to be mainly in No. 3. When I suggested that it would be much more economical and faster to order a full cargo, I was told that they were not concerned with price, or with the delivery date, and that it was not intended at this stage to place a large order. I got the definite impression in Shanghai that they expect to import further quantities of wheat next year, provided they are satisfied with this trial shipment.

On return to Canton, we again contacted the representatives of the Shanghai Branch, who are negotiating the trial shipment, (it appears that the order is to be placed in Canton by the Shanghai Branch in order that the value can be added to the total value of trade concluded at the Fair), and they confirmed that they expected to conclude this deal, although they would not say whether the order was to be placed with Bunge or the Bank Line. We also again saw the Bank Line representative, who assured us that the deal was all arranged, and that the Corporation people were just awaiting the arrival from Hong Kong of Mr. Neve, the Bank Line Manager there, to sign the contract. Mr. Neve left Hong Kong this morning for Canton and expects to sign the contract tomorrow. As the Corporation officials were most non-committal in all centers visited, there is no way of assessing possible import requirements in 1958. We can assume, however, that since they are to place a trial order there is at least a reasonable chance of substantial requirements in 1958. I do not think, however, it would be wise to give any publicity to this, as the Chinese are extremely touchy on the question of food supplies, and are anxious to create the impression that there is no food shortage in China.

It seems to me that it would be worthwhile for a grain exporting company to send a representative to China, probably some time in January. While our interests are being taken care of to some extent by Bunge and the Bank Line, both these Companies also handle wheat from other sources, and it seems to me that it would be preferable to have a salesman interested only in Canadian wheat who is prepared to really sell Canadian wheat against competition from other supplying countries.

Woodpulp—In both Peking and Shanghai there was considerable interest in woodpulp, and while we were not able to get any accurate estimate of their requirements, it seems that their import requirements are, in fact, substantial. While we were in Peking there was a delegation from Finland negotiating on pulp and paper, but it seems that the Finn prices were considered out of line by the Corporation concerned.

Fertilizers—There is an almost unlimited market in China for Ammonium Sulphate, and this business is undoubtedly open to us if we are able to supply. Most imports are now coming from Belgium. Smaller quantities of Ammonium Nitrate are also required.

Aluminium—Aluminium in ingot form appears to be the main requirement, although fabricated aluminium is also imported. We have been advised by the Hong Kong Manager of International Aluminium Company Limited that his Company has been assured by Ottawa that export licences for aluminium ingot to China will be granted, and that his Company is prepared to sell. This item seems to offer extremely good prospects.

Paper—There is considerable production capacity for kraft and newsprint paper in China, but it appears that substantial import requirements also exist, particularly for kraft. In fact, some kraft has been sold by Macmillan's this year. It certainly would be worthwhile for our paper people to follow up.

Linseed—The Cereals, Oils and Fats Corporation in Shanghai expressed great interest in Linseed, and asked us to obtain samples and quotations for them. No indication of the size of their requirements was obtainable, but they indicated they would be interested in large quantities.

Plastics Raw Materials—Interest was expressed in Peking and Shanghai in Plastics Raw Materials of all types, but particularly Polystyrene. As far as could be gathered, no Plastics materials are now produced in China.

Insulin—Both the Head Office and the Shanghai Branch of the Import and Export Corporation expressed interest in Insulin. In Peking the interest was in Insulin Crystals as well as Solution, while in Shanghai it was for Solution only.

Nylon and Rayon Yarn and Staple Fibre—Import requirements of artificial fibres appear to be very large, and both Peking and Shanghai seemed most interested. Shanghai also expressed considerable interest in stretch yarn.

Cellophane—Large quantities of cellophane are used, particularly for wrappings for textile items for export. No cellophane is produced in China, and particular interest was expressed in this item by Shanghai.

Industrial Chemicals in General—The Import and Export Corporation in Peking and also in Shanghai were extremely interested in a wide range of industrial chemicals which

Canada produces. Several copies of the Chemical Directory were left in Peking and I shall send copies to the Shanghai Branch.

Lumber—No interest was expressed in lumber and it was indicated that imports of softwoods are not required.

Dry Salt Herring—We discussed the possibilities of sales of Dry Salt Herring in Peking and Tientsin. I gathered that interest is extremely slight and there is little possibility of sales resulting.

I regret that the enclosed notes are somewhat lengthy but think in view of the widespread interest in the China market you would not want me to abbreviate them too much.

Yours very truly,

C.M. FORSYTH-SMITH

---

461. DEA/9030-40

T.M. Pope
au chef de la Direction de l'Extrême-Orient

T.M. Pope
to Head, Far Eastern Division

RESTRICTED. BY BAG. Hong Kong, December 2, 1957

Dear Mr. Menzies:

Although some of the questions raised in your brief sent to Mr. Forsyth-Smith through Trade and Commerce may be covered in the letters I will be sending in concerning our trip, I should perhaps try to answer some of the questions raised while my impressions are still fresh. I kept no confidential notes while in China, and since some of the information you requested is factual, I am in danger of forgetting it. Although I have opinions on most of the questions in the political section of the brief, Peking does not appear to be a better place to speculate on these questions than Hong Kong, with the difference that diplomats in Peking are considerably more cautious than observers in Hong Kong and usually claim that such questions are insoluble. I will try to answer your questions one by one, limiting the scope of my answers to whatever evidence we picked up in Peking:

Political A:

There is no such evidence. Liou and Chou seemed to be chatting normally on the only occasion we saw them together, but this cannot be construed as evidence.

Political B:

From what we gathered in our trade discussions, there does not seem to be much interest in the question of recognition, but this does not necessarily mean that it suits China's domestic and foreign policies to remain outside the United Nations and unrecognized by the U.S.A. There is a considerable degree of annoyance over the embargo.

Political C:

We gathered nothing new on China's role in the Communist bloc. The Chinese were careful not to give us the impression that they were dissatisfied with their trade relations with the Soviet world, although they are said to have given that impression with businessmen. Only in the case of nickel did they say that if Canada were able to supply, they would buy less from the Soviet Union which, since nickel is an embargoed item, increases the suspicion that the Chinese sometimes use the question of dissatisfaction as a lure for political ends.

Political D:

No information on first three questions which would not be open to the Department. Indian diplomats in Peking seem to take a more realistic view of China than the published statements of their political leaders would indicate, but this may be largely due to the fact that they find Peking as unpleasant a post as do Western diplomats.

Political E:

Opinion in Peking is that the Rectification campaign was planned from the beginning to take its present course. It is now, as you know, a campaign to extinguish the opposition and only subsequently to reform "working style." No information in Peking on the three Ministers. There is no indication that the anti-Rightist campaign may affect important Communist party members.

Political F:

Teng Hsiao-ping has told us that the intellectuals generally do not support the Party. We met no one who identified himself as a party member, and the two people I asked claimed that they were not members. On the pragmatic approach to new situations, please see my letter on the bureaucracy.† With reference to officials who are not necessarily members of the Party, we found that they were more flexible in Shanghai than in Peking, and less conscious of political problems when discussing trade matters.

Political G:

There is no evidence of continuing unrest beyond the fact that I asked to visit Peking University and was told that this would be inconvenient. Instead we were taken to Chinghua University. It does not seem that Western-trained intellectuals are being singled out because of their Western training.

Political H:

There is simply no information available on this point apart from propaganda. We were taken to a cooperative which was obviously not typical and had a long discussion with an official of the Ministry of Agriculture but found it impossible to induce them to talk frankly of their problems. On the last question, it would seem that the Communists are not yet sufficiently confident to make a full attack on traditional patterns of life in the village. (To take but one example that was apparent, the Communists have not yet attempted to plough under the graves which make some of the best fields in a given area practically useless, in spite of the shortage of arable land.)

Political I:

There is no way of knowing where the current Chinese policy of inaction towards Taiwan may end. There is no evidence to suggest that they might agree to a Two-China's solution even for a limited period, unless their present policy is interpreted as a tacit and temporary acceptance of such a solution.

Political J:

The first supposition is very unlikely; it is also unlikely that they will take overt action to make things difficult for the authorities in Hong Kong and Macao.

Political K:

Please see my other letters.

Economic:

1. The questions in the first section are a little too broad to answer easily without going into a mass of detail, most of which is not available to us. Mr. Forsyth-Smith's notes contain a description of a hydro-electric power exhibition in Peking which contained some useful facts. The need for fertilizers is of course great. The Chinese are now importing substantial quantities and have undertaken a vast expansion of their existing plant. The prospects for mechanized farm equipment do not appear very favourable: Sizeable quantities of tractors were imported during 1956, and we gained the impression that they had not been able to make full use of them. There is a great deal of building activity in Peking; new building in Shanghai and Canton, though less impressive than Peking, nevertheless appears considerable.

2. (a) The second five year plan will probably not be published until late 1958 at the earliest. The annual plan for 1958 has apparently not yet been fixed, and may be made public towards the end of this year.

(b) Please see Mr. Forsyth-Smith's notes.

(c) Not from our conversations with officials of the National Corporations.

(d) Credit has never been mentioned by the Chinese in negotiations with representatives of capitalist countries, and my impression is that for political reasons China would far rather deal on a cash basis.

3. (a) The line Shum-Chun-Canton is single-tracked. From Canton to Peking we flew by plane.

From Peking to Tientsin the line seems to be double-tracked, and single-tracked from Tientsin to Shanghai.

(b) As you know, the bridge was completed towards the end of September and opened in October.

(c) About 12 (very rough guess).

(d) All passenger cars seen were four-axle cars, between 20 and 21 metres long. Most freight-cars were also four-axle, about 15 meters, almost all open. Nothing which looked like new construction, though all cars rebuilt and in good condition.

(e) Not applicable. At Pukow the capacity of the ferry was 12 cars.

(f) Nothing in the way of new construction seen.

(g) We were not in Canton long enough to come to any conclusion regarding its transport system. In Peking there are many new buses of Eastern European manufacture, but, as in Shanghai, the system seems to be overworked.

4. See answer to last question.

5. (a) The name of the civil airfield is now apparently Hsi Chiao Feichi Ch'ang, which is, as you say, about 5 miles WNW of Peking. It is proving inadequate and plans are being made to move all air transport to the large new airfield east of the city which is already being used by the Jet airliners on the Peking-Moscow run. We did not see this field.

(b) There is a new military and civil airport at Changsha with a single runway which appears to be well over 10,000 ft. long. The control tower has not yet been built. At Canton, Peking, Wuhan and Shanghai we landed at the old civil airports. At Chengchow, Hangchow and Nanchang we landed at military airports. It was difficult to judge when these last-named had been built, but in any event they had been recently expanded.

(c) The flight from Peking to Canton was done in an Ilyushin-12 plane, quite comfortable but with few refinements and a not very effective heating system. From Shanghai to Canton we travelled in re-conditioned C-47's with Soviet engines.

6. No information gained on this point. Peking has a five-digit dial system, and Shanghai has recently passed from a five to six digit system.

7. No.

Yours sincerely,
T.M. POPE

---

462. DEA/9030-40

T.M. Pope
au chef de la Direction de l'Extrême-Orient

T.M. Pope
to Head, Far Eastern Division

Hong Kong, December 2, 1957

Dear Mr. Menzies:

Before setting out to write a fairly long description of Mr. Forsyth-Smith's and my trade tour of the principal commercial cities of China, it may be useful to let you have a few preliminary background impressions while they are still fresh in my mind, and which I could amplify later. Having spoken to a number of travellers from the Mainland with varying degrees of experience of Chinese conditions prior to our own departure, I was aware that I would be disappointed if I attempted to learn specific facts unobtainable in Hong Kong which might be useful in preparing reports on China in the future; and therefore my only hope to draw any value from the trip would be to try to see and hear as much as possible while in China in order that I might leave with an *impression* both firmer and better-founded in fact than I had when I went in. This was a limited objective, so that I was fairly confident that I would not have to report failure when I returned; but, three days after our return, I am still not certain that I am much further ahead than I was three weeks ago. Both Mr. Forsyth-Smith and myself have a mass of impressions in our minds which will be difficult to sort out, and narrate in a manner that the Department would find useful.

The reason for this is to be found both in the difficult position of foreign diplomats in Peking and the Chinese attitude towards our own visit. There is no possibility of obtaining precise information on any subject of immediate interest. When talking to Chinese officials, one finds that they have two different means of meeting a direct question on living conditions or production figures: either to refuse to answer or to give figures which are impossible to check. No one would answer satisfactorily the question why the food situation was less good this year than last year in spite of reported increases in agricultural production and decreases in food exports to important markets such as Hong Kong; the invariable answer is that no food shortages exist, but that the rising standard of living puts greater pressure on existing supplies (which explanation, for all we know, may be true).

The Chinese will, however, seldom try to mislead you if they suspect that you have precise information on a particular point, but such cases are comparatively rare. As a result, Western diplomats in Peking live in a state of perpetual frustration at their inability to make actual contract with the Chinese or to develop an acquaintance with a Chinese official into something approaching friendliness. The British admit that their reporting consists almost exclusively of commentary on the daily newspapers, and that their most precious source of information is the translations of the United States Consulate General in Hong Kong. There are exceptions to this general rule, but I would like to develop this point more fully in a later letter.

Mr. Forsyth-Smith and I were further handicapped by the fact that in the early stages of our trip the Chinese seemed unwilling to discuss trade, but seemed to have the political differences between our two countries constantly in mind. We cannot yet satisfactorily answer to ourselves why this was so, or why they seemed more open as time wore on. As are most Western officials visiting Peking, we were politely but by no means warmly received. In the early stages, we found difficulty in arranging interviews, and at the Ministry of Foreign Trade in particular we had a depressing talk with an official who would give no indication that China was interested in increasing its trade with Canada, but spoke continually (and with boring repetition) of the lack of mutual contacts and the embargo. I would judge that this unwillingness to talk trade was due to a variety of reasons, the principal ones being as follows:

(1) China's present lack of foreign exchange limiting the amount that she can buy from the West to a predetermined figure;

(2) The uncertainty regarding the Second Five-Year Plan;

(3) Possibly most important, they wished to impress us that China was in no way dependent on Canada or any other Western country to meet its import requirements. At the same time, given the great number of Western businessmen filing through Peking at this time, they may have developed an inflated sense of the importance of the China market to the West. At no time did they give the slightest indication that they might seek trade with Western countries because of dissatisfaction with their trading arrangements with the Soviet Union or the other members of the Soviet camp. We know, however, that they should be dissatisfied; some of their barter arrangements have resulted in their getting commodities at the equivalent of 30% above the world price.

Although there was no attempt to use our trip for political ends, the Chinese in Peking thought that the value of our trip was as much political as commercial, in the sense that they wished to educate us into what would be to them a clearer understanding of China's present position of independence from the West. Therefore, we had to be constantly on guard against these propaganda gestures. the attempt to learn anything from our trip, and to come back with a clearer understanding of Chinese problems was consequently all the more difficult.

Before outlining my impressions of Peking, it might be best to explain the psychological background of someone who has been living in Hong Kong for a year trying to learn something of developments inside China. As you know, Chinese newspapers are fairly frank in discussing current Chinese problems, even though their interpretation of such problems may not always be the one that would suggest itself to us, and they always express confidence that they will be solved. (One of the discouraging things in talking to Chinese officials is that they will never stray from the latest editorial in the *Jen Min Jih Pao*). As a result, one develops in Hong Kong a sense of professional suspicion; for example, if Teng Hsiao-p'ing says that the ideological revolution is far from complete, one has visions of unrepentant capitalists infesting the various ministries and hampering the application of a socialist policy. Similarly, when we read of poor crops in certain areas or of drought conditions in North and Central China, the observer in Hong Kong tends to magnify the gravity of the food situation. One therefore leaves for China with the conviction that one will be unimpressed, and this conviction was heightened in my own case because I expected to find something of the inefficiency and waste I was told of during my short trip to Hanoi. The fact that this was not the case probably makes my impression of living conditions and economic activity in China much more favourable than it should be; nevertheless, I also think that someone who has lived in the East longer than I have, or, better still, who has had some experience of China before 1949, would be favorably impressed on the *material plane*. The poorest classes in Peking, Shanghai and Canton appear better-clothed and better-fed than the poorest classes in Hong Kong, although no class on the Mainland appears as well off as the middle class here. Even in the clusters of sampans along the Pearl River in Canton there is not the same degree of misery and dirt that one finds in Shaukiwan or in the slums of Wanchai. Food is cheaper than in Hong Kong and apparently sufficient, although the lack of oils is a serious drawback. In spite of the cotton ration, almost all people on the streets in Peking seem adequately clothed, and many of the short cotton-padded coats seem to be new. New building in Peking is impressive, and the highest amount of investment appears to have gone into the building of technical colleges in the Western suburbs. Perhaps the most startling event we witnessed during our trip was the sight of hordes of people filling the square in front of the T'ien An Men, during the celebrations for the 40th anniversary of the October Revolution. There was no question of regimentation, since the participants seemed to treat the evening much in the same way as a Canadian crowd will treat a football game. But since the event was political in nature, it led us to wish that in the West we had some means of organizing the public will as efficiently as the Communists do in China. This is probably the Chinese Communists' most startling achievement: that is, the overcoming of the traditional Chinese lack of a social sense which led to too much dispersion of effort in the past. The Communists have succeeded in regrouping the scattered energies of China and what the foreign observer sees of the use to which these energies have been put must command his admiration, in spite of the evidence of bureaucracy and inefficiency which seems to be part of the system.

In these circumstances, officers serving in Western Embassies in Peking find their job depressing since they are living in a society which has turned against the West and whose importance in the affairs of the Communist world has increased immeasurably in recent years. This is to say that what happens in China is of vital concern to the people of the West, but the West itself has no means at its command to modify the direction of Chinese policy. United States (or Canadian) recognition or non-recognition of the present régime in China does not appear to be such an important question when seen from Peking, and even the question of the effect of such recognition on the countries of Southeast Asia appears to be fairly remote. This is to say that China's impact in Southeast Asia does not depend on a decision taken in Washington, but rather on the successes or failures of the Communist régime itself.

The question then arises whether a Western Embassy in Peking performs any useful function at all, since reporting on China can be done as well from Hong Kong and Western diplomats have no means of making their influence effective with Chinese leaders. Although I discussed this point with members of the United Kingdom and Swedish Embassies in Peking, no definite answer can be given. There is no question of detaching China from the Soviet Union, even though this theory still crops up in the United States from time to time. In the field of a better understanding of the West, however, there may be some limited scope. We did find that the Chinese are totally ignorant of Canada. As far as this particular trip was concerned, this ignorance was principally evident in their surprise at learning that Canada had any products to offer China at all, apart from our traditional exports; similarly, it was evident that the various export corporations had made no effort to see whether they could sell Chinese goods in Canada, apparently because they were unaware that a market existed. Since Canada's position is comparatively high in China (we are not usually classed among the imperialists) an Embassy in Peking could do some good if it succeeded in lessening the Chinese leaders' misunderstanding of the Western position and suspicion of all Western overtures. This does not mean that Peking could even become a pleasant post or that the efforts of any one officer would bring noticeable results after a two-year posting. In that respect Peking will always remain a frustrating post, and especially for those who are most prejudiced in favour of the Chinese people. It may even be that the suspicion and lack of understanding between our two countries may be permanent and that even this limited field of endeavour for a Western Embassy would not see any success. It seems wrong, however, not to make the effort.

Yours very truly,
T.M. POPE

SECTION B

RESTRICTIONS SUR L'EXPORTATION
EXPORT RESTRICTIONS

463. DEA/11045-H-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], June 16, 1958

UNITED STATES FOREIGN ASSETS CONTROL REGULATIONS

Public interest was aroused last spring by newspaper reports that the Ford Motor Company of Canada, allegedly on instructions from its United States parent company, had declined an order of cars offered by the Communist Chinese. It was widely reported at the time that this action was taken in order to conform with United States regulations which prohibit all transactions with Communist China, even by the foreign subsidiaries of United States companies. The Prime Minister and the Minister of Trade & Commerce both stated publicly that this matter would be investigated and it was, I understand, also briefly discussed at a Cabinet meeting on April 3. Since then officials of this Department and of the Department of Trade & Commerce have been investigating the problem and the facts now appear to be fairly well established.

2. The Foreign Assets Control Regulations issued by the United States Treasury forbid trading with Communist China by United States citizens and by companies controlled in the United States; they also provide penalties for breaches of the regulations. While it is not possible to assess how genuine the alleged order for cars was and whether or not it was refused by Ford of Canada on instructions of its parent company, the Department of Trade & Commerce is satisfied that the regulations in question have had a detrimental effect on certain Canadian exports. It is also true that the United States regulations have extraterritorial effect. The practical effect of this for us depends in large measure on the extent to which there is a divergence in United States and Canadian policies with regard to trade with Communist China.

3. Several drafts of a Memorandum for Cabinet have been prepared on this subject but it has not seemed necessary to submit them until now in view of the fact that United States officials, aware of the concern of the Canadian Government, have been actively considering possible remedies. The Minister of Trade & Commerce has, of course, been kept informed of these developments. Now, however, there have been indications of some slackening of interest on the part of United States officials and the Minister of Trade & Commerce accordingly asked that a brief paper, with appropriate recommendations, be set before Cabinet. The preparation of this paper has been undertaken by the Department of Trade & Commerce on the basis of our earlier drafts and I attach, for your information, a copy of the text† which has been approved by the Minister of Trade & Commerce and will be introduced by him in Cabinet. Also attached is a supporting paper,† giving some of the details of the investigations of Canadian officials into this question; this paper will not be tabled in Cabinet but is of some interest.

4. Although the attached memorandum is not, perhaps, in quite the form which we would have recommended had we been given responsibility for its preparation, its substance and recommendation carry our judgment.[66] We think that the recommendation that our Ambassador in Washington should leave an aide mémoire with the State Department and also provide certain supplementary information verbally, will be useful in maintaining United States impetus behind action designed to find a solution to this problem.

5. It has not been decided when this matter will be discussed by Cabinet but I think that it would be desirable that it receive attention in the near future, if possible. This would permit our Ambassador to take whatever action may be decided well in advance of the visit of President Eisenhower and Mr. Dulles to Ottawa. Even if this matter is not discussed during their visit, there may be renewed public interest in the question at that time.[67]

J. L[ÉGER]

---

[66] Note marginale :/Marginal note:
OK [Sidney Smith]

[67] Note marginale :/Marginal note:
Mr. Couillard: We hope the enclosure will be discussed soon by Cabinet. K[laus] G[oldschlag] 23/6

464. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 2, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

UNITED STATES FOREIGN ASSETS CONTROL; EFFECT ON CANADIAN ASSETS

24. *The Minister of Trade and Commerce* reviewed the situation in regard to the control by U.S. companies over exports from their Canadian subsidiaries, to communist countries under U.S. legislation regarding control of foreign assets. The case of cars for China had attracted considerable public attention. Whether or not the allegations made in this connection were realistic was doubtful, but it was true that orders or enquiries for such materials as bleached sulphate pulp, woodpulp, magnesium ingot, and certain chemicals which would have been licensed for export to China by Canada, had been rejected, on instructions from, or, out of consideration for, parent companies in the United States. A subsidiary company in Canada, trying to persuade its U.S. parent to permit transactions with China, encountered the difficulty that business was prohibited under U.S. government regulations, which might be invoked against the parent company. Where there were other and independent Canadian sources of supply, difficulties did not arise. But where this was not the case the unpleasant situation existed that Canadian government policies might be frustrated by private individuals or companies in the United States in order to conform to U.S. regulations.

The cause of concern was the U.S. "Trading with the Enemy Act." Under this statute, Foreign Assets Control Regulations attempted to prohibit a U.S. firm or its foreign subsidiary from undertaking any transaction with communist China. These regulations were, in part, supplementary to U.S. Export Control Regulations designed to prevent the export of strategic goods to all communist countries. Canada, the U.S. and thirteen other countries participated in an agreed system to prevent such exports (COCOM). It was possible to evade these restrictions by dealing through third parties, trans-shipment, and other such devices, and steps were taken by the participants to COCOM to discourage such evasion. The U.S. Foreign Assets Control Regulations, which were similar to certain provisions of the Canadian Export and Import Permits Act, were also used in this connection. But the Canadian provisions did not have the extra-territorial application that the U.S. counterpart did.

Canada was the only country to which the U.S. did not apply its Export Control Regulations. The U.S. depended on Canadian export controls to prevent movement of U.S. goods through Canada to destinations for which the U.S. would refuse direct shipment. Any divergence in export control policies, such as had became apparent with regard to trade with China, was of concern to the United States.

U.S. officials had been made aware of the growing criticism over the interference with the freedom of U.S. subsidiaries in Canada. They were searching for ways of meeting Canadian objections. A possible solution would be for the U.S. to agree to exempt from its Foreign Assets Control Regulations, exports licensed by the Department of Trade and Commerce. However, these same officials had indicated that this might excite demands for similar accommodation elsewhere and, possibly, call into question U.S.-China trade policy.

In order to make Canada's position on this issue clear, and to reinforce any initiatives in Washington in search for a solution to this problem, the Minister recommended that the government's concern in this whole matter be both formally brought to the attention of the U.S. government by means of an aide-mémoire to be supplemented verbally by the Canadian Ambassador in Washington.

An explanatory memorandum had been circulated, (Minister's memorandum, June 6, 1958 — Cab. Doc. 156-58.)†

25. *During the discussion* it was pointed out that there was no possibility of any changes in congressional attitudes in the near future. The matter should be raised with President Eisenhower and Mr. Dulles before the proposed note was delivered.

26. *The Cabinet* noted the report of the Minister of Trade and Commerce on the effects of United States foreign assets control regulations on Canadian exports to China and agreed in principle that the views of the government, as outlined by the Minister be formally brought to the attention of the U.S. in the form of an aide-mémoire, but that before this

were done the matter be discussed with President Eisenhower and Mr. Dulles during their visit to Ottawa.[68]

. . .

SECTION C

RECONNAISSANCE
RECOGNITION

465. DEA/50055-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], May 16, 1958

THE IMPLICATIONS OF RECOGNITION OF COMMUNIST CHINA FOR SINO-CANADIAN TRADE

There has of late been a considerably increased interest in Canada in trade with Communist China, and the relevance of recognition to trade has been frequently discussed. For this reason, we have prepared for your information the attached memorandum† examining the implications of recognition of Communist China for Sino-Canadian trade. It is not intended to be a recommendation for or against recognition or an assessment of all the factors involved. It is concerned solely with the one aspect of the case because there is, in our view, a good deal of public confusion. The conclusions reached in this paper are as follows:

(1) Total Western trade with China in the immediate future is not likely to rise much above its present annual level of about $1 billion, of which approximately $450 to $500 million represents Western exports to China.

(2) Within this total export figure, Canada might fairly expect to obtain a larger share, which could amount to $10 to $15 million in 1958 or 1959.

(3) The volume of trade represented by this figure, while useful to Canada, is but a small fraction of total Canadian export trade and does not appear to be sufficiently large in itself

---

[68] On n'a pas donné finalement d'aide-mémoire aux fonctionnaires des États-Unis. Lors d'une réunion à Ottawa le 9 juillet 1958, les ministres canadiens et John Foster Dulles ont convenu de coopérer relativement au règlement des États-Unis sur le contrôle des avoirs étrangers affectant les exportations canadiennes vers la Chine communiste en traitant les problèmes particuliers au cas par cas (voir chapitre IV, 4^e partie). À la suite de ses discussions avec le président Eisenhower, le premier ministre Diefenbaker s'est adressé au Parlement sur cette question. Voir Canada, Chambres des Communes, *Débats*, 1958, volume II, p. 2252.

An aide-mémoire was ultimately not given to United States officials. At a meeting in Ottawa on July 9, 1958, Canadian Ministers and John Foster Dulles agreed to cooperate in the matter of United States Foreign Assets Control Regulations affecting Canadian exports to Communist China by dealing with individual cases on an ad hoc basis (see Chapter Four, Part 4). Following his discussions with President Eisenhower, Prime Minister Diefenbaker delivered a statement to Parliament addressing this issue. See Canada, House of Commons, *Debates*, 1958, Volume II, p. 2142.

to be the determining factor in any decision on according recognition to the Communist Government in Peking.

(4) The evidence available at this time does not suggest that the extension of recognition to the Chinese Communists is necessarily a determining factor in the volume of trade with China.

(5) The evidence does suggest that the Chinese would not now be satisfied with recognition alone, but that, in addition, they would demand political support in the United Nations and elsewhere.

J. L[ÉGER]

466.

DEA/50055-B-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL

[Ottawa], June 11, 1958

RECOGNITION OF COMMUNIST CHINA

I attach for your consideration, as Appendix "A" to this memorandum, a paper examining the arguments for and against the recognition of Communist China. This paper, which is of necessity somewhat long, has been subdivided for convenience of study and ready reference into the following sections:

For Recognition:

I. Canadian Interests
II. Legal Considerations
III. Political Aspects (General)
IV. United Nations Representation

Against Recognition:

I. United States Relations
II. United Nations Representation
III. Formosa ("The Two-China Question")
IV. Chinese Response to Recognition
V. Relation to Korea Question

The paper reaches the following conclusions:

"There is no clearcut balance of argument discernible in this issue. The possible benefits of increased trade and the lessening of Chinese dependence on the Soviet *bloc* together with the legal and logical arguments in favour of recognition and the impossibility of indefinitely denying Chinese admission to the United Nations must be weighed against the strong resentment of the United States that would follow recognition; the psychological factor of encouraging Asian Communism and weakening a resolutely anti-Communist Asian régime; and the difficulties which Peking itself is likely to raise."

3. The question of the possible effect of recognition on Sino-Canadian trade was examined in a Departmental memorandum of May 16. The conclusions reached in that paper are set out in a note attached as Appendix "B"† to this memorandum.

4. In these circumstances, we have suggested for your consideration a policy of moving by gradual stages towards recognition. These stages would involve a stepping-up of unofficial contacts, particularly in the field of trade. We would advise against any sudden decision to recognize without careful diplomatic preparation. Such preparation would involve not only informing countries like the United States, which would undoubtedly disagree with our intentions, but also sounding out the attitude of the Peking Government, lest we meet with a rebuff. Such soundings could well be carried out by our High Commissioner in India through the Chinese Ambassador in New Delhi. Mr. Ronning, as you know, speaks fluent Chinese and has on several occasions in the past been authorized to negotiate with Chinese Communists — his most notable success having been to secure the release of Squadron Leader Mackenzie after his intervention with Chou-en-Lai in Geneva.[69] Several countries, New Zealand and Belgium in particular, have indicated in the past that they would like to consider recognition in company with Canada, and we should maintain contact with them if any change in our policy is contemplated.

SIDNEY SMITH

Appendice A

Appendix A

CONFIDENTIAL [Ottawa], June 11, 1958

RECOGNITION OF COMMUNIST CHINA

The ultimate decision on the extension of recognition to any government is essentially a political one. For this reason the arguments generally advanced for and against recognition are set out below in an effort to provide a balanced statement of both sides of this issue. In considering these arguments it should be borne in mind that the attainment of power by force is not normally considered to be a bar to recognition and that recognition does not imply, in international law, approval of the character of the government being recognized or of the method by which it came to power. Nor is recognition synonymous with entering into diplomatic relations or with support for representation in the United Nations[70] (as United Kingdom voting in the United Nations has demonstrated). On the other hand, a move by Canada to recognize the Peking Government would probably be followed shortly by other countries — Australia, New Zealand, and Belgium have, on several occasions in the past indicated their interest in acting with us on recognition — which would tend to increase the pressure for Communist Chinese representation in the United Nations. Indeed, it is possible that, if a few more countries should accord recognition, sufficient support for Communist Chinese representation in the United Nations might be forthcoming within a short period of time. Some of the following arguments are based upon this assumption.

ARGUMENTS FOR RECOGNITION

I. *Canadian Interests*

(a) Recognition might provide certain practical and specific advantages for Canada, if followed by the establishment of diplomatic relations. These include: the establishment of a listening post in the capital of one of the most important new governments of the world; the provision of an opportunity for influencing the Peking régime by assisting it to appraise accurately Western views and capabilities; opportunities for promotion of trade in non-strategic items; opportunities to afford assistance and protection to Canadians trading with, and travelling in, China; opportunities to travel about the mainland of China to gather useful information and, to a limited extent, to indicate a non-Soviet foreign interest in China.

---

[69] Voir/See Volume 20, Document 50.

[70] Pour un compte rendu de la position canadienne concernant la représentation chinoise aux Nations Unies, voir volume 24, les documents 15 à 19.

For an account of the Canadian position regarding Chinese representation at the United Nations, see Volume 24, Documents 15-19.

(b) Recognition might provide opportunities for promotion of trade with China in non-strategic items. The evidence available at this time, however, does not suggest that the extension of recognition to the Chinese Communists is necessarily a determining factor in the volume of trade with China.

(c) Recognition would provide opportunities to negotiate settlements of China's outstanding obligations to Canada. These include:

(1) The 1946 loan to the Ming Sung Industrial Company for the construction of river vessels in Canadian yards which amounted to $12,750,000 of which approximately $9,000,000 is now outstanding.

(2) The 1946 $60,000,000 credit to China for reconstruction and military supplies, of which we would expect to recover about $40,000,000.

(3) A reasonable settlement for the Canadian Embassy property in Nanking and for any other Canadian assets in China.

(d) There is a wide-spread impression abroad that Canada has accepted American dictation on the issues of recognition and of Chinese representation at the United Nations. It might, therefore, serve to confirm the impression in some countries that we are tied to the United States if Canadian recognition were to be postponed until after the United States had acted.

II. *Legal Considerations*

(e) The primary legal requirements for recognition have been fulfilled by the Central People's Government in Peking. It is an independent government exercising effective control over practically the whole of the territory of China with a reasonable prospect of permanence. There is some doubt about the willingness of the Central People's Government to fulfill international obligations inherited from its predecessor government, but there is no doubt that it commands the support or the obedience of the bulk of the population.

(f) In denying recognition the Western powers appear to be setting higher standards for the behaviour of the Central People's Government than have been applied to other Communist régimes outside Asia and are thus leaving themselves open to a charge of discrimination against an Asian people.

III. *Political Aspects (General)*

(g) Recognition of the Peking government would give a voice in international affairs to the 650 million inhabitants of China. If the Chinese mainland is not to be represented by the Central People's Government it must be represented either by the National Government of Chiang Kai-shek or by no government at all. As the Central People's Government controls the overwhelming bulk of the national territory and the national population it can claim to be the only one which can speak authoritatively for China. Unless the effective Government of China is able to be represented at international meetings where solution of Far Eastern problems is at stake, the conferences on these problems are bound to take place in an unrealistic atmosphere and are more likely either to produce no solution at all or to produce solutions which cannot be implemented because the effective Government of

China has not been given the opportunity to participate in and, therefore, to accept the decisions taken. This situation increases the prospects of tension in the Far East. It also frequently leads to awkward situations where non-recognizing governments have in fact to negotiate from time to time with a government which they contend does not exist. The United States has also been engaged in intermittent discussions with Communist Chinese representatives in Geneva for more than two-and-a-half years.

Another aspect of this problem is that recognition would permit the Western powers to bind Communist China by treaty in several important areas where this is now impossible. The most conspicuous of these is disarmament. If an agreement is made to limit the arms of many nations, but not of Communist China because it is not recognized, an anomalous situation to the disadvantage of the Western powers results. Similarly it is to the advantage of the Western powers to be able to bind Communist China to observe the Geneva Conventions on prisoners of war, the treatment of civilians in wartime etc. The people we most want to bind by engagements of this sort are those who are our potential enemies, not those who are our friends. There are other areas in which it would be to the advantage of all to have the active cooperation of mainland China. Some of these include the technical subsidiaries of the United Nations Organization which deal with postal affairs, weather, health, agriculture etc.

(h) Recognition on a wide scale should in the long run serve to diminish the strength of the forces binding China to the Soviet Union. Although Peking is now solidly in the Communist camp, a greater range of international acceptance and of international contacts would decrease the dependence of the Peking régime on the Soviet Union for both information and international support and would increase the number of opportunities available to the West to exercise some direct influence on China.

IV. *United Nations Representation*

(i) The Chinese representational situation in the United Nations would be more realistic if recognition of the Central People's Government by Canada and a sufficient number of other countries should lead in due course to the seating of Communist Chinese representatives. It is unrealistic for the Chinese Nationalist Government in Formosa to represent China in the United Nations while the Central People's Government in Peking, which in fact controls mainland China, is not represented. The absence of Peking's spokesman from the United Nations leads to situations where important international negotiations, such as those arising out of the Indo-China and Korean wars, have to be conducted outside the United Nations. In the opinion of some Asian governments the survival of the United Nations Organization as an effective instrument in international relations is directly bound up with the Chinese representational issue. Failure to replace the Nationalists by representatives from Peking causes a loss of respect for Western governments in countries like India and reduces the effectiveness of Western leadership in the United Nations.

ARGUMENTS AGAINST RECOGNITION

I. *United States Relations*

(a) Public and governmental opinion in the United States are not yet ready to see the Central People's Government replace the National Government as the spokesman for the Chinese people. There is some recent evidence to suggest that American opinion is less rigid than it has been on the China issue. This includes: the mild reaction in the United States to the abandonment by most of the NATO powers of the China "differential" (which places more stringent restrictions on trade with China than on the rest of the Communist bloc); successive relaxations in the United States' ban on travel to mainland China; United

States agreement to permit the entry of Communist Chinese officials and athletes to the United States for the 1960 Winter Olympics; recent remarks by Mr. Dulles to the National Press Club, in which he said the United States would recognize Communist China when it will serve United States interests; and pressure from some business interests in the United States, especially West coast commercial and shipping interests who wish to promote trade with China. Nevertheless, while moves to recognize the Central People's Government by governments not particularly close to the United States would probably be disappointing to the United States, such action by the Canadian Government, especially if taken in isolation, would cause considerable resentment.

II. *United Nations Representation*

(b) There is also the serious consideration that the United States remains adamantly opposed to Communist Chinese representation in the United Nations and, because recognition generally implies willingness to accept Communist China's representatives (although, as the voting of the United Kingdom shows, this is not necessarily the case), a defeat in this matter might have a damaging effect on United States willingness to cooperate in the United Nations Organization.

III. *Formosa (The "Two Chinas" Question)*

(c) Recognition of Peking is complicated by the Formosa (Taiwan) question. This island was Chinese territory until 1895 when it was ceded to Japan. The Japanese Peace Treaty, signed at San Francisco in 1951, and the separate Peace Treaty between Japan and the Republic of China, signed in 1952, required Japan to renounce sovereignty over Formosa but did not transfer sovereignty to any other state. No other international instrument conveys sovereignty over the island to either Chinese government, although the Cairo Declaration of December 1, 1943, by the United Kingdom, United States and China, and the Potsdam Declaration of July 26, 1945, by the same three powers (the USSR subsequently adhering), promised that the island would be restored to "China." The island is therefore regarded by many — but not by all — governments as *terra nullius*, an area the sovereignty over which has not been determined. Both Communist and Nationalist Chinese Governments claim jurisdiction over Formosa and the only point on which the two agree is that the island belongs to "China." The indigenous population of Formosa (some 8 million people of Chinese descent who have rarely exercised independence but have been subjected at various times to Dutch, Chinese and Japanese rule) would probably prefer to form an independent state, dependent neither upon the Central People's Government nor upon the Government of the Republic of China. There have been suggestions that the problem might be solved by recognizing mainland China and Formosa as distinct sovereignties but this idea is strongly opposed by both the Chinese Nationalist and the Chinese Communist régime.

(d) Recognition of the Peking régime would necessitate withdrawal of recognition from the National Government in Formosa as the government of China. Indeed, intelligence and diplomatic reports indicate that the Communist Chinese attitude on recognition is stiffening. They now appear to insist that recognition be accompanied not only by withdrawal of recognition for the Nationalists but also by active support for their own political objectives of gaining entry to the United Nations and of forestalling the separation of Formosa from China. While it would probably be possible for Canada to recognize the Central People's Government as the Government of China without specifically recognizing that government's sovereignty over Formosa, nevertheless the Central People's Government would not, at the present time, accept recognition in terms which allowed Canada (and like-minded countries) to recognize that there is another Chinese government on Formosa.

(e) In view of Peking's attitude, if recognition were to involve more than a simple unilateral declaration on our part — i.e. negotiation of conditions or exchange of diplomatic representatives — it would also appear to imply withdrawal of recognition in any form from the Nationalists. Yet to withdraw recognition entirely from the National Government entails certain disadvantages since the existence of the National Government on Taiwan is as much a fact as the existence of the Central People's Government: (1) The Chiang Kai-shek Government, driven off the mainland by rebellion, has a certain symbolic value because of its unswerving opposition to Communism. (2) If all, or a substantial proportion of all foreign governments withdraw recognition from the non-Communist National Government, the latter will suffer such a loss of prestige that the remainder of the 12 million Overseas Chinese in Southeast Asia who have not already transferred their allegiance to the Central People's Government, can be expected to do so, thereby posing security problems of considerable proportion in the countries of Southeast Asia (and of lesser proportion in countries like Canada). (3) The collapse in morale which might follow sooner or later from general international withdrawal of recognition from the National Government could lead to the incorporation of Formosa into the territory governed by the Central People's Government and this would create a strategic problem of a serious nature for countries like Japan, the Philippines and the United States.

IV. *Chinese Response to Recognition*

(f) Recognition of the Peking régime does not necessarily bring the benefits normally expected from such action. The United Kingdom Government, after extending recognition to the Central People's Government on Jan. 6, 1950, encountered considerable difficulties in its attempt to establish normal diplomatic relations. (The British Embassy is still headed by a Chargé d'Affaires.) These difficulties have not yet been overcome, although some measure of improvement took place after the Geneva Conference on Korea and Indochina in 1954. However, the Chinese Communist Government has made clear to the United Kingdom that it does not intend to exchange Ambassadors or to be more accommodating in its general attitude until the United Kingdom alters its voting in the United Nations on the Chinese representational issue.

(g) If Canadian recognition were followed by the acceptance of Communist diplomatic and Consular representatives in Canada, they could be expected to exert their influence upon the Chinese-Canadian population. Communist China's representatives in Canada could be expected, like their Nationalist predecessors, to try to organize political clubs, to bring the Chinese language press to their point of view and perhaps to encourage Chinese-Canadians to participate in Chinese elections.

V. *Relations to Korea Question*

(h) Communist China has not yet made amends for its actions in Korea. So long as China continues to treat the United Nations as an opponent in Korea and is unwilling to cooperate in the establishment of a free, democratic and united Korea, it could be argued that recognition should not be accorded to the Central People's Government. (This argument has been weakened by the Chinese announcement of intention to withdraw all their military forces from Korea by the end of 1958 and by completion of the first of three stages of withdrawal by April 30, 1958.)[71]

---

[71] Voir la 6^e partie./See Part 6.

Conclusion

There is no clear cut balance of argument discernible in this issue. The possible benefits of increased trade and the lessening of Chinese dependence on the Soviet *bloc* together with the legal and logical arguments in favour of recognition and the impossibility of indefinitely denying Chinese admission to the United Nations must be weighed against the strong resentment of the United States that would follow recognition; the psychological factor of encouraging Asian Communism and weakening a resolutely anti-Communist Asian régime; and the difficulties which Peking itself is likely to raise.

In this situation, you may wish to consider a policy of proceeding by gradual stages towards eventual recognition of the Peking régime and its admission to the Chinese seat in the United Nations. We might assume with reasonable confidence that the Communist régime is unlikely to be overthrown and that all countries including the United States will eventually have to recognize it. It would be humiliating for Canada to postpone recognition until after the United States had taken action. A sudden act of recognition by Canada, on the other hand, without giving our friends and allies some warning would cause resentment. While we could not of course allow the United States to decide our policy on this subject, we are under some obligation to consult a close ally in advance about our intention on so important a matter. This is particularly the case because a change of position by Canada might inaugurate a shift on the part of a number of other countries and swiftly alter the balance of voting in the United Nations on this subject. Such a development would undoubtedly alarm not only the United States but some of our friends in Asia such as Korea, the Philippines, South Vietnam and Thailand (although it would undoubtedly please all the Asian members of the Commonwealth with the possible exception of Malaya).

There are a number of policies, short of recognition, which might be considered. It would have to be accepted that these steps would have recognition as their logical consequence, but as they would be tentative they would not commit us to final action if circumstances changed. The steps which could be considered are in fact along the lines of some already taken. We have sent our Trade Commissioner in Hong Kong to Peking[72] and allowed a Chinese trade mission to come to Canada.[73] These trade contacts might be considerably increased and given a somewhat more official status. The Canadian businessmen who are anxious to go to China might be encouraged to do so, and we might also give more encouragement to the exchange of scientists and newspapermen, for example. Instead of discouraging those Canadian festivals and impresarios who have asked permission to bring in the Peking Opera, we could allow this event to take place. In general, we might show a willingness to follow a policy of cautious cultural, scientific and industrial exchanges along the lines of the policy already adopted for the Soviet Union. We could authorize more contact abroad between Canadian diplomats and the representatives of Communist China and seek exchanges of views with them wherever possible. There are other measures which we could explore if the policy were adopted.

It is desirable in this matter to feel our way cautiously. The Peking régime has been growing more and more sensitive, and we cannot assume that they would be pleased to accept any unofficial forms of recognition we might offer them. It is possible that they would take the position that closer relations with Canada were impossible until we were prepared to accord them full recognition, although the advantage of having Canadian recognition ultimately must weigh to some extent in their calculations. The danger is that if we were to announce recognition suddenly without some exploration, we would find ourselves rebuffed by Chinese insistence on our declaring a position on such subjects as Formosa and their seat in the United Nations which would be unacceptable. If you wish to proceed more rapidly, however, we have the possibility of informal diplomatic exploration between our High Commissioner in India, Mr. Ronning, and the Chinese Ambassador in New Delhi.

---

[72] Voir les documents 458 à 462./See Documents 458-462.

[73] Entre le 30 avril et le 12 juin 1958, deux fonctionnaires de la China National Resources Company de Hong Kong ont fait une tournée de visites au Canada dans le cadre d'une mission commerciale.

Between April 30 and June 12, 1958, two officials from the Hong Kong-based China National Resources Company toured Canada on a trade mission.

---

467. DEA/50055-B-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 11, 1958

RECOGNITION OF COMMUNIST CHINA

When the Government of New Zealand decided last May to allow a Communist Chinese Trade Mission, which was then visiting Australia, to visit New Zealand the question of inadvertent de facto recognition of Communist China was raised. Since the Chinese trade officials represent commercial agencies of the Central People's Government it was decided that the implications of official contacts with the delegation should be carefully considered. I am attaching a copy of the memorandum which the Department of External Affairs of New Zealand accordingly sent to the Prime Minister on this question.†

2. I must point out, however, that our own Department views with less alarm the implications of discussions between Ministers or other officials and the Communist Chinese trade mission now visiting Canada. I have been advised by our Legal Division that, in the absence of any intention on the part of the Canadian Government to extend recognition, discussions such as those referred to do not imply recognition, de facto or de jure. Intention is decisive on questions of recognition. The tendency to think that communication and discussion with representatives of an unrecognized authority may amount to de facto recognition is, therefore, mistaken. In strict law, de facto recognition is an act as deliberate and explicit as de jure recognition. Because of the nature of the situations which give rise to it, it is occasionally of a more formal character than recognition de jure. Accordingly there is no warrant for implying de facto recognition more readily than de jure recognition.

3. Although no legal consequences could flow from meetings and discussions between Canadian officials and, for example, the Chinese trade mission, a *continued* line of conduct in which official or semi-official contacts are steadily increased might well raise questions as to our intention.

4. Since the question of visas for the Communist Chinese is raised in the attached paper you may wish to know that we, like the Government of New Zealand, cannot recognize passports issued by the Central People's Government as valid travel documents. It is our practice to issue an *Affidavit in Lieu of Passport* or, more frequently, to recognize the *Hong Kong Government Travel Documents* which the Communist Chinese may obtain.

J. L[ÉGER]

468. J.G.D. VI/840/C.539.11

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL Ottawa, August 22, 1958

UNITED STATES POLICY TOWARDS COMMUNIST CHINA

The United States Embassy presented to the Department on August 11 an aide-mémoire containing a statement of the United States position on the question of recognition of Communist China. Similar notes were transmitted to the Governments of other countries. The text was published in full in the *New York Times* of August 10.[74] Since officials at our Embassy in Washington have now been told informally that the aide-mémoire was inspired by the discussions on China which took place between yourself and President Eisenhower in Ottawa in July,[75] I attach the full text of the United States aide-mémoire (15 pages),† together with a summary† which was prepared in the Department.

2. The memorandum concludes that "for any Western nation to take such action (recognition) now would be interpreted as an important victory for the Chinese Communists, as a sign of Western reluctance to stand up to Communist pressures and as damaging evidence of a serious difference of opinion within the free world concerning the problem of how to deal with the expansionist forces of international Communism." Although there is undoubtedly an emotional factor in the United States' attitude towards China, the arguments in the aide-mémoire are based on consideration of the United States national interests. The presentation is comprehensive but somewhat dogmatic, and contains the tacit assumption that the interests of other Western Powers in this matter entirely coincide with those of the United States. Our own examination of the arguments for and against the recognition of Communist China were contained in my memorandum of July 11,[sic] a copy of which is also attached.

3. Recent reports on the hardening attitude of Communist China towards the West would seem to indicate that a solution to this serious problem may only be found when Communist China is eventually admitted into the United Nations. It is probably of less relative consequence now to the Chinese whether individual nations, other than the United States, extend political recognition to them or not.

S.E. S[MITH]

---

[74] Le texte de l'aide-mémoire publié dans le *New York Times* a été modifié et raccourci. Pour le texte complet, voir United States, Department of State, *Bulletin*, volume XXXIX, n° 1002, September 8, 1958, pp. 385-90.

The text of the aide-mémoire printed in the *New York Times* was edited and shortened. For the full text, see United States, Department of State, *Bulletin*, Volume XXXIX, No. 1002, September 8, 1958, pp. 385-90.

[75] Voir les documents 6 et 7./See Documents 6 and 7.

469. DEA/50055-B-40

Le haut-commissaire en Inde
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Under-Secretary of State for External Affairs

PERSONAL & SECRET—ADDRESSEE ONLY. New Delhi, November 28, 1958

Dear Norman [Robertson],

During Mr. Diefenbaker's stay in New Delhi last week I had a conversation with him on China. I think I should report the gist of the conversation to you in this personal letter as I cannot very well report it in a formal despatch. John Holmes and Ralph Collins may also be interested in this conversation and I am enclosing copies for them in case you would like them to read this letter.

I had decided before Mr. Diefenbaker's arrival that I would say nothing about Communist China or Western policy in the Far East unless requested by him to do so. After his arrival I was even more determined not to open my mouth about China unless the Prime Minister asked for my opinions.

During Mr. Diefenbaker's first talk with Mr. Nehru,[76] it was not long before Mr. Diefenbaker asked a question about Communist China. Mr. Nehru immediately referred him to me saying it was a question that could only be answered by someone who had more knowledge of China than he had. Except for one brief comment, I said nothing.

On Sunday morning, the Prime Minister's last full day in India, I came to the President's Palace where he was staying to deliver a telegram from Howard Green to "the Prime Minister only." Mr. Diefenbaker put the telegram aside and said he intended to talk to Mr. Nehru about Matsu and Quemoy at lunch. (I am reporting separately his conversation with Mr. Nehru which did not take place at lunch but just prior to the dinner which I gave for the two Prime Ministers that evening). When Mr. Diefenbaker had finished telling me what he proposed to say to Mr. Nehru about Quemoy and Matsu, he asked me what I thought of it. I replied that before making my comment I should inform him that I thought the American policy in the Far East, as far as Communist China was concerned, was extremely dangerous because, in my opinion, it was based on a wrong analysis of what had happened in China before and after 1949. Mr. Diefenbaker asked me to explain why I thought the American policy was dangerous. I said it would take me at least fifteen or twenty minutes to give a brief explanation of what I considered to be an objective analysis of what had taken place in China. I added that if he could find time sometime before he left New Delhi and wished to hear my analysis of the situation, I would be happy to talk about China. Mr. Diefenbaker told me to fire away. I did.

I then outlined to him what I considered to be the main features of Walter Robertson's analysis which I thought was more or less what the State Department had accepted. The American attitude seemed to be based, I said, on the belief that the Communist revolution in China had been started by Moscow and Russian support had enabled the Chinese Communists to win the Civil War and organize the present Government in Peking. Walter

---

[76] Pour un compte rendu des conversations du premier ministre Diefenbaker avec Nehru pendant sa tournée de visites mondiale de 1958, voir volume 24, document 397.

For an account of Prime Minister Diefenbaker's conversations with Nehru conducted during his 1958 world tour, see Volume 24, Document 397.

Robertson held, I stated, that communism is basically abhorrent to the Chinese people and the Communist Government is hated by the masses as the puppet of a great foreign power which seeks to force foreign policies upon an unwilling people. United States policy is, therefore, intended to cooperate with the masses of China to liberate China from the oppression of the Communist Government. The refusal to permit Peking to take a place in the United Nations, the blockade and trade restrictions were aspects of a policy intended to weaken the Government in Peking and eventually to establish in Peking a government developed from the nurture of free China in Formosa.

I told Mr. Diefenbaker that I thought this analysis was completely fallacious as it failed to recognize that the Communist Party which was organized in China by Soviet agents in 1923 had been wiped out and driven underground by Chiang Kai-shek after the military success of the northern expedition in 1927. Borodin, the adviser from Moscow, had returned to Russia after nearly all Chinese Communists were slaughtered by Chiang. The only branch of the Chinese Communist Party which was not destroyed was that which had been organized by Mao Tse-tung who had been thrown out of the Chinese Communist Party because he advocated the heterodox policy of revolution in China based upon peasants as there was no proletariat. I told Mr. Diefenbaker very briefly about the struggle which again took place when remnants of the destroyed Chinese Communist Party joined Mao in the Honan-Kiangsi border area which resulted in the elimination of Li Li-san and others who advocated the taking of cities and organizing of the proletariat for a genuine Communist revolution in China. I referred to a few personal experiences during the period 1922-1927, and again during the period 1945-1951. The Prime Minister encouraged me to continue talking after I thought I had talked long enough. I kept on for about an hour.

I then discussed with Mr. Diefenbaker the American attitude to recognition of the Peking régime and admission of Communist China to the United Nations. I said that our Department had expected in 1956 to find President Eisenhower more reasonable and less emotional about Communist China than either Mr. Dulles or Walter Robertson. It was thought the President would take a more flexible stand, making it possible for friends of the United States, like Canada, to take steps towards recognition. I told Mr. Diefenbaker that the emotional response of the President was unexpected. The President had given the impression that, while he would attempt to prevent it, he was afraid that the American public would insist upon the United States withdrawing from the United Nations if Communist China were admitted and that the United States might even insist upon the United Nations Headquarters being withdrawn from United States territory.

At this point, Mr. Diefenbaker asked me if I was sure that the President had taken this attitude in 1956. I replied that, while I could not give him the exact date, I was quite certain that it was in 1956. He repeated: "Are you sure that it is not something you have heard this year which you have confused with something else you heard in 1956?" He said it was very important to him to know whether or not what I had reported was the position of Mr. Eisenhower in 1956. He said it was so important that he wished I could check on the date.

That afternoon I discussed the matter with Allan McGill, whose memory of the conversations between Mr. St. Laurent and Mr. Pearson with President Eisenhower was the same as mine. Allan drew from our files a despatch which definitely fixed the date in 1956.[77] The next morning before his departure for the airport when Mr. Diefenbaker gave to me his reply to Howard Green's telegram of the preceding day, he again asked me if I had checked up on the date. I told him that it was definitely in 1956 that we had learned that the President's attitude was similar to if not more emotional than that of Dulles and Walter Robertson. I said that I may have over-simplified Mr. Eisenhower's complete statement but that I had given fairly accurately the gist of Mr. Eisenhower's statement to Canada's former Prime Minister and Secretary of State for External Affairs. Mr. Diefenbaker then told me that Mr. Eisenhower had made the same statement during the summer of 1958 and that, if anything, he had stated his position in even stronger terms than that which I had reported to have been made in 1956. Mr. Diefenbaker said that this was very important to him because it indicated that Mr. Eisenhower's attitude and United States policy, instead of becoming more flexible was becoming more rigid. This, he said, would be a factor in the decision he would have to make regarding Canada's position. Mr. Diefenbaker did not explain to me exactly what he had in mind.

---

[77] Voir/See Volume 23, Document 4.

Before concluding our discussion I speculated aloud on the advisability of using our influence to modify the policy of the United States which I considered to be dangerous and could not have been more cleverly devised to play into the hands of the Communists if it had been deliberately planned for that purpose. I wondered if we had not allowed the United States to determine our policy in the Far East long enough and that we should frankly point out to the United States that we intended to move towards a more flexible policy in the light of a more objective appraisal of what had actually taken place in China. The Prime Minister made no comment but thanked me for what I had said.

You will note that in the Press Conference[78] his reply to the question on recognition of Communist China, which Basil Robinson and I had discussed at considerable length the evening before, did not follow the Dulles-Eisenhower line as closely as the reply given in Karachi.[79]

Yours sincerely.
CHESTER [RONNING]

---

[78] Pour un résumé des déclarations du premier ministre sur la reconnaissance de la Chine communiste, lors de sa tournée mondiale, voir volume 24, document 398.

For a summary of Prime Minister's statements about the recognition of Communist China during his world tour, see Volume 24, Document 398.

[79] Note marginale :/Marginal note:

P.S. In a letter from Mr. Diefenbaker which just arrived from Colombo he says: "For my own part I value greatly the advice you gave me during my stay." He is probably referring to the talk on China. Chester [Ronning]

4^e PARTIE/PART 4

JAPON
JAPAN

SECTION A

CRIMINELS DE GUERRE
WAR CRIMINALS

470. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 45-58 [Ottawa], February 11, 1958

CONFIDENTIAL

JAPANESE MAJOR WAR CRIMINALS

The Japanese Government has asked that the paroles of the ten surviving Japanese major war criminals, convicted by the International Military Tribunal for the Far East, after the Second World War, be terminated. The United States State Department has proposed that the Japanese request be met by reducing the sentences of these war criminals to the time already served, and has proposed that a meeting be held in Washington at which the views of the governments concerned (Australia, Canada, France, Netherlands, New Zealand, Pakistan, Philippines, United Kingdom and United States) would be ascertained. This meeting is expected to be called before the end of February.

2. A background paper on the Japanese major war criminals is attached as Appendix "A".

3. Apart from questions of procedure, the issue now to be faced is whether further clemency should be granted to the ten surviving war criminals who, although they have all been released on parole, are under life sentences. The Government of Canada could decide:

(a) To agree to the U.S. suggestion that sentences be reduced to the time already served; or

(b) To refuse to agree to the U.S. suggestion; or

(c) To agree to the U.S. suggestion provided a majority of the nine governments concerned are in favour of it.

4. Factors to be considered include the following:

(a) Information obtained by officials indicates that it is likely that all the other governments concerned will agree to the U.S. suggestion, although some differences may be expressed on matters of procedure and publicity.

(b) A suggestion that further action is not necessary because the terms of the present paroles impose no practical restrictions on the activities of the parolees has been found unacceptable by the U.S. Government because it does not fully comply with Japanese desires.

(c) It appears that at least one of the parolees wishes to stand for election to the Japanese Diet. It could be a source of considerable embarrassment to the governments exercising the right of clemency under the Peace Treaty, in case of undesirable actions of one of the parolees in the future, to be unable in fact to curb his activities while remaining theoretically able to do so.

(d) It would probably serve no useful purpose for Canada to oppose the proposed reduction if a majority of the nine governments were in favour. On the other hand, opposition could do great harm to the present cordial and co-operative relations between Canada and Japan should the Japanese — as they probably would — learn of the adverse Canadian vote. There has already been some leakage of information to the Japanese by governments which favour reduction of the sentences.

5. The balance of advantage appears to lie in ensuring that the nine governments exercising the right to reduce sentences under the Japanese Peace Treaty should move together and should move reasonably expeditiously. It is therefore recommended that the Canadian representative at the meeting of representatives of the nine governments concerned be authorized to vote in favour of reducing the sentences of the surviving Japanese major war criminals to the time already served, provided he is satisfied that a majority of representatives will be voting in favour of reduction.[80]

SIDNEY SMITH

Appendice A

Appendix A

BACKGROUND PAPER ON JAPANESE MAJOR WAR CRIMINALS

At the conclusion of the Pacific war Japanese suspected of war crimes were classified into two broad groups: (a) major war criminals, Class "A", in whom there was international interest and whose crimes were of a general nature, and (b) minor war criminals, Classes "B" and "C", who were suspected of particular criminal acts. The latter were tried by the military courts of the individual nations concerned. No class "B" or "C" war criminals were tried by Canada, although some were tried by United States and United Kingdom Military Courts in connection with charges involving Canadians, and with the cooperation of the Canadian Government. Class "A" war criminals were tried by the International Military Tribunal for the Far East, which was set up by the Allied Powers under proclamation by the Supreme Commander for the Allied Powers in Japan, General MacArthur. The tribunal was set up pursuant to the Cairo Declaration of December 1, 1943, the Potsdam Declaration of July 26, 1945, the Instrument of Surrender of September 2, 1945, and the Moscow Conference of December 26, 1945. Its purpose, as stated by the Potsdam Declaration, was to mete out "stern justice" to all war criminals. The Charter, proclaimed on January 19, 1946, stated the tribunal's powers to be "to try and punish Far Eastern war criminals who as individuals or as members of organizations are charged with offences which include Crimes against Peace." Canada was among the participating nations, which also included the United States, China, the United Kingdom, the Union of Soviet Socialist Republics, Australia, France, the Netherlands, New Zealand, India and the Philippines. A number of those tried were executed; others were given sentences of imprisonment.

---

[80] Approuvé par le Cabinet le 18 février 1958./Approved by Cabinet on February 18, 1958.

2. By interpretation of the San Francisco Peace Treaty of 1951[81] the right to grant parole and to review or reduce the sentences of class "A" War Criminals was vested in those member nations of the International Military Tribunal who had signed and ratified the Treaty. The nations included were Australia, Canada, France, the Netherlands, New Zealand, Pakistan (as successor to British India), the United Kingdom and the United States. In the years after the Treaty came into force, and after the interpretation of the provisions relating to the power to grant clemency to War Criminals had been agreed upon, the Japanese frequently requested the release on parole of the remaining Major War Criminals. The cases were examined individually, beginning with those in which the requests were based on medical grounds or grounds of extreme age. At the present time all of the ten surviving Class "A" War Criminals are free on parole, but are serving life sentences. Since the deliberations which led to these paroles, the Philippines has ratified the Treaty to which it was already a signatory. It is likely that in further deliberations on this matter the Philippines Government will be invited to participate and will wish to do so.

3. When considering the Canadian approach to the question of paroles it had been decided by Cabinet on August 10, 1953, to set up an Interdepartmental Clemency Review Committee, on which were represented the Departments of National Defence, Justice and External Affairs. As a result of the Committee's report to Cabinet, the Canadian representative at meetings of the eight nations concerned with the parole question was instructed by Cabinet on August 16, 1955, (a) to support the United States proposal that Japanese Class "A" War Criminals be released individually as each completed ten year's imprisonment, if a majority of the governments concerned supported it, (b) to support, but not initiate, any proposal that releases be unconditional, but if no such proposal was made or if a majority favoured release on parole, to support such latter proposal, and (c) that, if possible, abstention from political activity should not be made a condition of release on parole.[82] The meeting agreed to consider the major war criminals eligible for parole after ten years' imprisonment, and to consider the cases individually as they arose. It was pursuant to this arrangement that the ten survivors were paroled. No elaboration of the term "parole" was attempted, and, as the Embassy in Washington reported on September 7, 1955, "in practical terms it would probably be synonymous with outright release."[83] However, the Japanese maintain that, although it imposes no explicit restrictions upon the prisoners, parole casts an undesirable stigma over them.

---

[81] Voir volume 17, les documents 950 à 968./See Volume 17, Documents 950-968.

[82] Voir/See Volume 21, Document 783.

[83] Voir/See Volume 21, Document 785.

471. DEA/4060-C-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 591 Washington, March 14, 1958

CONFIDENTIAL. PRIORITY.

REFERENCE: OUR TEL 566 MAR 13.†REPEAT LONDON, PARIS, HAGUE FROM OTTAWA, TOKYO DEFERRED FROM OTTAWA (INFORMATION). BY BAG CANBERRA, WELLINGTON, KARACHI, MANILA FROM LONDON.

JAPANESE MAJOR WAR CRIMINALS

Following is revised draft text of the operative portion of identical notes to be delivered to the Japanese Government by the nine governments concerned, as agreed at this afternoon's meeting:

"The governments concerned have considered in consultation with each other on a case by case basis the recommendations of the Government of Japan for clemency made in accordance with Article 11 of the Treaty of Peace with Japan and have decided, pursuant to the terms of the said article, that the life sentences imposed by the International Military Tribunal for the Far East on Sadao Araki, Shuhroku Nate, Naoki Hoshino, Okinori Kaya, Koichi Kido, Takesumi Oka, Hiroshi Oshima, Kenryo Sato, Shigetaro Shimada and Teiichi Suzuki be reduced to time served as of the date of this note."

---

472. DEA/4060-C-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM Y-104 Ottawa, March 17, 1958

CONFIDENTIAL. PRIORITY.
Reference: Your Tels. 589† and 591 of March 14, 1958.
Repeat London, Tokyo, Paris, Hague (Routine) (Information).
By Bag Canberra, Wellington, Karachi, Manila.

JAPANESE MAJOR WAR CRIMINALS

The revised draft text in your telegram 591 states, "The governments concerned have considered in consultation with each other on a case by case basis the recommendations of the Government of Japan ... ." To our knowledge, this is in fact not so. We therefore prefer some such wording as "having considered each case on an individual basis in consultation with other governments concerned" as stated in our letter Y-260 of March 14, 1958.† This latter wording could be interpreted to mean that each individual government has considered on a case to case basis the recommendations for clemency and then consulted the other governments concerned.

2. The anxiety of the UK representative about "a leak in Tokyo and that press reports had appeared [there] indicating that the governments concerned were considering this matter" (as reported in your telegram 589)† seems rather academic because the January 23, 1958, edition of *Foreign Report*, published by *The Economist*, detailed the procedures that were being followed for the consideration of the requests for clemency.

3. We should like to suggest that further telegrams on this subject be repeated to Tokyo with a higher precedence than "deferred."

---

473. DEA/4060-C-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 621 Washington, March 19, 1958

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tel Y-104 Mar 17 and Rogers-Maybee phone conversation.
Repeat Tokyo (OpImmediate), Hague from Ottawa, London, Paris (Information).
By Bag Canberra, Wellington, Karachi, Manila from London.

JAPANESE MAJOR WAR CRIMINALS

At today's meeting of the representatives of the nine governments concerned there was no disposition on the part of the other representatives to revert to the March 13 text of the operative portion of the notes to be delivered by the nine governments to the Japanese in response to the formal Japanese approach. In the light of your instructions, we accordingly proposed the two following alternative wordings to the first part of the revised draft text as given in our telegram 591 March 14:

"(a) The governments concerned have considered on a case by case basis the recommendations of the Government of Japan for clemency made in accordance with Article 11 of the Treaty of Peace with Japan and in consultation with each other have decided, ..."

"(b) The governments concerned have considered the recommendations of the Government of Japan for clemency made in accordance with Article 11 of the Treaty of Peace with Japan and having considered each case on an individual basis in consultation with each other have decided, ..."

All representatives favoured version (a) above, which has now become the accepted text.

2. The UK representative said that acceptance of this text by the UK in preference to the version in which the phrase "as an act of clemency" appeared after the word "decided" was subject to general agreement that the text of the note should not repeat not be published verbatim by any government. The UK representative indicated that in the UK publicity they would associate the idea of clemency with the decision of the governments concerned rather than with the Japanese recommendation. The Pakistani representative, however, said that he did not repeat not feel able to bind his government not repeat not to release the text of its note if it so desired. The UK representative finally agreed (subject to confirmation from the Foreign Office) that he could accept the text provided it was understood that if any government found it necessary to release the actual text of its note that such text should not be described as identical in terms with notes of the other governments con-

cerned. It was agreed that all representatives should recommend to their governments that formal publicity should, if possible, not repeat not involve the release of the actual text of the notes to the Japanese Government, but should be a paraphrase.

3. The Australian representative said that his Government had withdrawn its recommendation that formal publicity set forth the reasons why the action was being taken at this time, on condition that it be understood that the Australian Government reserves to itself complete freedom of action with respect to the type of formal publicity it will employ. The Australian representative said that his Government had also withdrawn the suggestion that the action be represented as a unanimous decision on the understanding that the principle of anonymity will be maintained and that at no repeat no stage would the views of the individual governments on this subject be revealed. Finally, the Australian representative indicated his Government's hope that in either the formal or informal publicity any allusions to reasons why the action is being taken at this time should, so far as possible, be confined to legal reasons rather than political reasons.

4. At the request of the UK and Dutch representatives, the State Department agreed not repeat not to send the instruction contained in our telegram 519 March 7† until the close of business in Washington on March 20. Both representatives indicated their apprehension that the Japanese would leak to the press the latest developments and they are anxious that their home offices and their embassies in Tokyo be apprised of the decision taken in Washington before reports of these decisions appear in the Tokyo press.

5. It was agreed that in its informal approach to the Japanese, the USA would indicate that the Japanese formal approach should contain a recommendation for clemency and that the USA Embassy in Tokyo should offer its good offices to consult with other representatives in Tokyo concerning the wording of the Japanese formal note of recommendation. The need for consultations on this point and of the timing of the delivery of the notes from the nine governments to the Japanese Government would require an informal meeting of representatives of the governments concerned in Tokyo. Accordingly our Embassy may expect to hear from the USA Embassy on this point.

6. It was the consensus of the meeting that there should be a delay of approximately one week from the time of receipt of the Japanese formal recommendation to the delivery of the notes in reply from the nine governments.[84]

---

[84] La note du gouvernement japonais à l'intention de l'ambassade du Canada recommandant la clémence à l'endroit des dix principaux criminels de guerre japonais était en date du 1er avril 1958. Le gouvernement canadien a accédé à la requête dans une note en date du 7 avril 1958.

The note from the Japanese Government to the Canadian Embassy recommending clemency for the ten major Japanese war criminals was dated April 1, 1958. The Canadian Government granted the request in a note dated April 7, 1958.

SECTION B

VISITE DU MINISTRE DES AFFAIRES ÉTRANGÈRES À OTTAWA, LE 8 SEPTEMBRE 1958

VISIT OF FOREIGN MINISTER TO OTTAWA, SEPTEMBER 8, 1958

474. DEA/4606-C-21-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum by Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 9, 1958

DISCUSSIONS BETWEEN THE PRIME MINISTER AND THE FOREIGN MINISTER OF JAPAN, MR. FUJIYAMA, SEPTEMBER 8, 1958

The Foreign Minister of Japan called on the Prime Minister at 9:30 a.m., accompanied by the Japanese Ambassador who acted as interpreter.

2. Mr. Fujiyama began by expressing his pleasure at being in Canada and said that there were no political problems between our two countries and he hoped that our happy collaboration would continue. Mr. Diefenbaker reciprocated these expressions and referred specifically to the Japanese and Canadian Resolution in the United Nations on disarmament.[85] Mr. Fujiyama also spoke in general terms about the Japanese desire to increase trade between our two countries.

3. Reference to trade led the Prime Minister to ask Mr. Fujiyama about Japanese policy with regard to trade with Communist China. Mr. Fujiyama spoke cautiously about the possibilities of trade with Communist China. He referred to the long history of large Japanese trade in that area and the strong interest of the Japanese public in the subject. One aspect of Japanese economic concern over Communist China was that the Chinese were now competing very strongly with Japanese exports in South Asia. Mr. Diefenbaker asked if the Japanese had considered requesting the countries of South East Asia to enact dumping legislation to keep out this Chinese flood. Mr. Fujiyama said they had not done so. He also said, in answer to a question from Mr. Diefenbaker, that Japan was not aware of other countries practising dumping in Japan. In response to another question, he described the "flag incident" and the Chinese breaking off of trade relations with Japan when their full demands for a Chinese Communist trade mission were not met.

4. Mr. Fujiyama spoke of Japanese interest in technical and economic assistance programmes in South East Asia and said that he thought the best way to accomplish these was by expansion of the activities of the World Bank. Mr. Diefenbaker said that was his view and referred to his discussions on that subject with President Eisenhower.

5. On the subject of the situation in the Taiwan Straits, Mr. Fujiyama agreed with Mr. Diefenbaker's expressions of grave concern. He asked if Canada had a proposal for solving the problem of Formosa. Mr. Diefenbaker spoke of the great complexity of this

---

[85] Ceci a trait à une résolution sur le désarmement coparrainée par le Japon et le Canada et adoptée à la Douzième session de l'Assemblée générale des Nations Unies qui élargissait le nombre de membres de la Commission du désarmement. Voir volume 24, document 134.

This refers to a disarmament resolution co-sponsored by Japan and Canada adopted at the Twelfth Session of the United Nations General Assembly expanding the membership of the Disarmament Commission. See Volume 24, Document 134.

issue and referred to his suggestion on Saturday that the United Nations might be used in some way to extract us from a dangerous situation.[86] He speculated on the various ways in which the United Nations might be helpful and commented on the success which the Secretary-General had had over the question of American prisoners in China as an example of the kind of assistance which the United Nations might provide. He referred to Canadian newspaper opinion which was strongly critical of American policy towards China and the feeling that something must be done to stop a drift towards war. Mr. Fujiyama did not comment directly on the reference to the United Nations. He spoke cautiously of the difficulty of negotiations before we knew what the Americans would agree to. He did recognize, however, that in the long run it would be necessary for the Nationalists to evacuate the off-shore islands.

6. Mr. Fujiyama said that the Japanese Government had no immediate intention of recognizing the Peking régime, but he recognized that they could not go on forever refusing to accept the reality of 600 million Chinese on the mainland. The Japanese people, he said, were on the whole more favourably disposed towards the Communist Chinese Government than to the Soviet Union. The Prime Minister said he quite understood that the long ties of culture and close association would lead to this attitude. The Prime Minister said the question of recognition was a very difficult one. It was true that recognition was purely formal and was not intended to imply approval. For this reason, the British had recognized the Peking régime before the Korean war. He doubted if they would have done so afterwards. We were told, he said, that recognition would have a discouraging effect on our friends in Asia who had stood up against Communism and whatever we said it would be taken as meaning approval. Nevertheless, whatever he might have said in the past, he was inclined to doubt if we could go on forever ignoring the situation on the mainland. There was no doubt that the Communist Government was in control.

7. In conclusion, Mr. Diefenbaker expressed his happiness over the visit. He said that the Japanese Ambassador was always welcome to come and see him. He was a very good Ambassador and Mr. Diefenbaker hoped to keep in close touch with him.

J.W. H[OLMES]

---

475. DEA/4606-C-21-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 10, 1958

RECORD OF YOUR INTERVIEW WITH THE JAPANESE FOREIGN MINISTER ON MONDAY, SEPTEMBER 8

I attach a copy of a report summarizing the main points of your interview with Mr. Fujiyama on Monday, September 8. Do you agree that this is an accurate summary of the discussion?[87]

J. L[ÉGER]

---

[86] Voir/See Document 441, note 56.

[87] Note marginale :/Marginal note:
OK S.E. S[mith] Good memo!!

[PIÈCE JOINTE/ENCLOSURE]

Compte-rendu d'une entrevue entre le secrétaire d'État aux Affaires extérieures et le ministre des Affaires étrangères du Japon

Record of Interview between Secretary of State for External Affairs and Japanese Foreign Minister

CONFIDENTIAL [Ottawa], September 8, 1958

After his call on the Prime Minister Mr. Fujiyama called on the Minister at 10 a.m. He was accompanied by Mr. Hagiwara, the Japanese Ambassador, Mr. Mori, the Director of the Japanese Bureau for Foreign Affairs, Mr. Maeda, Counsellor at the local Japanese Embassy, who acted as interpreter, and Mr. Nakajima, his private secretary. On the Minister's side were Mr. Holmes, Mr. Feaver and Mr. McGaughey.

Formosa Straits Problem

2. After an exchange of pleasantries the Minister asked Mr. Fujiyama whether Japan was anxious about the current situation in the Formosa Straits. Mr. Fujiyama said the problem was a most important one for Japan and expressed the hope that there would be no armed conflict in the Straits. He thought that the determination of the Communist Chinese to have the off-shore islands by any means should not be ignored. Thus the only way he saw out of the current crisis was for the Nationalists eventually to abandon the off-shore islands. However, the real problem was not the control of the off-shore islands, but rather the control of Formosa. There could be no solution to this fundamental problem until the United States re-appraised the matter. Japan for its part could not agree to Formosa being handed over to the Chinese Communists, because this development would endanger Japan's national security. In reply to a question, Mr. Fujiyama expressed doubts as to whether a bargain would be possible by which the Generalissimo would abandon the off-shore islands by a given date on condition that Communist China abandon its claim to Formosa.

3. Mr. Fujiyama said he was still pondering the question of whether the problem of the off-shore islands was the kind of one which should be handled by the United Nations. He doubted that the time was propitious to turn the problem over to the United Nations largely because he did not know what the United States was going to do about the status of Formosa. He asked whether Canada had any information about the attitude of the United States Government towards the matter being raised in the United Nations or any idea as to how the United Nations could contribute to a solution. He was inclined to think that until the limits of United States policy towards Formosa were known exactly the problem might best be left outside the United Nations. Otherwise the United States might be put in an awkward position.

4. In Mr. Fujiyama's view, if the problem were thrown into the United Nations forum, events might be put in train which would lead to Chinese Communist representation in the world organization. If representatives of Communist China were to gain access to the United Nations as the representatives of China, then it followed that the representatives of the Formosa Government would have to be expelled. The United States, of course, would be opposed to this. The possibility existed that both Chinas might eventually be represented in the United Nations, but Mr. Fujiyama was well aware that both the Chinese Communists and the Chinese Nationalists were opposed to this. Nevertheless he thought

that at some time it might be desirable to have both Chinas represented. He made the point again that Formosa could not and must not be thrown out of the United Nations.

5. In Mr. Fujiyama's view the sooner the Chinese Communists were represented in the United Nations the better, provided, of course, this did not entail the end of Formosan representation. First, however, the off-shore islands' issue must be circumvented.

6. At this point Mr. Holmes intervened to explain that the Prime Minister's suggestion of September 6 was not that its substance should be brought before the United Nations, but rather that the good offices of the United Nations might be used to bring about an easing of the current tension. If the situation became more serious there was a lot to be said for the United States and Communist China coming to some understanding. The good offices of the United Nations might help. The Japanese Ambassador then suggested that the basic question on this point which was exercising Mr. Fujiyama was whether the United Nations could usefully provide its good offices unless it had some idea of a solution to the problem. Mr. Fujiyama repeated his opinion that the matter by going to the United Nations could lead to the admission of the Chinese Communists to that organization. When the Minister suggested that such a development would be better than war Mr. Fujiyama, who had not hitherto spoken in English, said "yes" in English.

7. The Minister, while disclaiming any intention of running down our good neighbours to the South, said there were some in Washington who had taken a very rigid position in relation to the China problem. He did not approve of "brinksmanship," and doubted the wisdom of the United States sending naval vessels September 7 within the twelve-mile limit of territorial waters recently proclaimed by Communist China, even though that proclamation might be illegal.

8. As for the suggestion that the current tension over the off-shore islands should be put under a United Nations umbrella, the Minister thought that even if the United States did not like the proposal, that country would be given cause to pause and think. The Minister then hazarded the guess that the Canadian proposal might have had some bearing on the United States' decision to agree to talks with the Communist Chinese in Warsaw. In the Minister's view the situation must somehow be avoided in which an irrestible force would meet an immovable body with incomprehensible results.

9. Mr. Fujiyama threw out the idea that it might be useful if Canada and Japan were to make a joint approach to the United States to advise moderation. The Minister suggested the United Kingdom might be included in such approach. Mr. Fujiyama then seemed to slide away from further consideration of this idea and stated that there was a limit to which the claim of the Chinese Communists to United Nations membership could be ignored.

10. Asked whether he saw any likelihood of the Peking régime being overthrown Mr. Fujiyama replied in the negative. Any popular resistance to it was and would be, only sporadic. Besides the Nationalists had not been able to recover the confidence of the people which they had long since lost.

Presidency of General Assembly

11. The Minister asked whether Japan had decided to support Mr. Malik's candidacy for the Presidency of the forthcoming General Assembly. Mr. Fujiyama replied that Japan had not yet taken a decision. As a result of Mr. Malik's withdrawal last year in favour of Sir Leslie Munro, Japan might have been expected to support Mr. Malik this year. However, the situation had changed. The Minister explained that Yugoslavia wanted Canada to support the candidacy of Mr. Popovitch. Here again Mr. Fujiyama said that Japan had not taken a decision. He was told that Canada also was undecided as between Mr. Malik and Mr. Popovitch.

Commonwealth Economic Conference

12. The Minister assured Mr. Fujiyama that the Commonwealth Economic Conference would be entirely different from the one which convened in 1932. "We won't be trying to wall ourselves off from other countries." Anything done would be "extensive" rather than "exclusive." In support of this view, the Minister read to Mr. Fujiyama an excerpt from a memorandum to Cabinet concerning instructions to the Canadian Delegation to the Conference. The Minister expressed the hope that the conference might devise means for improving the economies of such Commonwealth members as Malaya, Ghana and Ceylon. They would thus become better customers both within and without the Commonwealth. Concerning the problem of underdeveloped countries, the Minister referred to Canada's pleasure at the recent suggestion of Mr. Eisenhower relating to the World Bank and the International Monetary Fund.

13. As for Canada's particular approach to the conference, the Minister mentioned that we would like to see the pound sterling made convertible, and some of the restrictions removed which now favour the sterling area. Canada would be the only dollar country represented at the conference. The Minister was particularly happy about the possibility of agreement being reached on a scholarship programme through which students at the graduate level and professors would be exchanged by Commonwealth countries.[88] The Minister concluded this aspect of the conversation by emphasizing again that the conference would assume an outgoing attitude toward the world instead of one of the Commonwealth against the world.

14. At this point the Minister mentioned that Mr. Fleming or Mr. Churchill or both might raise with Mr. Fujiyama the question of Canada becoming a supplier of uranium to Japan.

Canada-Japan Trade Relations

15. Mr. Fujiyama said that basically Japan favoured a policy of free trade even though it had to impose import restrictions because of balance of payment difficulties. Whereas Southeast Asia might be described as a good potential market for Japan, North America seemed to be the best market which Japan could develop now. Japan was buying a great deal from Canada and hoped that Canada could buy more from Japan. Japan's goods were of high quality and priced reasonably. Mr. Fujiyama hoped that Canada would place no new restrictions against the entry of Japanese goods.

Trade with Communist China

16. The Minister asked whether Communist China was trying to block Japan from expanding its trade with Southeast Asia. Mr. Fujiyama confirmed this and said that Communist China was dumping produce in the area. It was not inhibited by a cost accounting system.

17. Mr. Fujiyama asked whether there was some difference of opinion between Canada and the United States concerning trade with Communist China. The Minister replied that while the United States had a total embargo on trade with Communist China, Canada was trying to promote the sale of non-strategic goods to Peking. This year Communist China was buying a lot of Canadian wheat. Sometimes Canada received enquiries from Communist China concerning the purchase of goods which were politically motivated. There were no firm offers behind them. Nevertheless when the Chinese wanted Canadian goods they were prepared to pay cash on the barrel-head and they held considerable reserves in sterling. A $6 million deal was now in the offing. The Minister explained the arrangement

---

[88] Voir volume 24, les documents 374 à 386./See Volume 24, Documents 374-386.

made during the recent visit here of the President and Secretary of State by which the United States principals of Canadian companies doing business with Communist China might be absolved from responsibility under United States law for breaching the United States embargo on trade with Communist China. The Minister said this system was working well.

18. The Minister made it clear to Mr. Fujiyama that Canada was under no illusions as to the extent to which Canada could develop its trade with Communist China. Moreover Chou En-Lai had recently told the editor of the *Globe and Mail* that Canada could not hope for much trade with China in the absence of recognition. Nevertheless we were ready to sell what we could of non-strategic goods. The Minister intimated that there were those in Canada who took a more optimistic view of the prospects of trade with Communist China than the Government.

Disarmament

19. The Minister explained to Mr. Fujiyama Canadian policy relating to the suspension of nuclear tests and disarmament. We were very pleased with the recently concluded Geneva meeting of scientists[89] and the subsequent agreement of the United States and the United Kingdom to suspend tests and to begin negotiations with the Soviet Union on October 31.[90] Canada was particularly concerned because it lay between the United States and the Soviet Union. This country could become the Belgium of the next war. The Minister then reviewed some of the conclusions which Dr. Solandt had brought back with him from Geneva.

20. According to the Minister, disarmament ideally was a subject which should fall under the United Nations. However if progress could be made outside the United Nations there was no reason to object to the lack of United Nations cover. There were now a number of promising developments. It would be unfortunate if any of these were blocked by the United Nations delving at this time into the whole business of disarmament.

21. Mr. Fujiyama expressed pleasure at recent developments relating to the suspension of nuclear tests and saw in them some hope for eventual disarmament. This however would be more difficult to achieve. As for United Nations concern with the subject of disarmament he thought that any Assembly resolution should only be directed to helping the parties primarily concerned to reach agreement. He also referred to the problem of Communist China being included in any arrangement relating to the suspension of tests, and disarmament. In this connection the Minister mentioned France.

22. Mr. Fujiyama asked the Minister if he had any ideas as to what the Disarmament Commission should do now. The Minister said that he had heard Mr. Sobolev tell Mr. Lodge in New York that in matters relating to disarmament both their countries could be better if instead of participating in a big committee from the beginning, they talked together for awhile. Mr. Lodge had seemed to agree with this thinking. The Minister said Canada could never support a simple resolution banning nuclear tests. We would want a resolution to contain some provisions for control.

23. At this point Mr. Holmes suggested that some formula might be found to permit bilateral talks between the United States and the Soviet Union to continue while the general question was kept within the purview of the United Nations. The Soviet Union would have nothing to do with the sub-committee. Moreover any attempt to convene it would meet with Soviet demands for parity.

---

[89] Voir/See Volume 24, Document 140, note 103.

[90] Voir/See Volume 24, Document 140, note 104.

24. Mr. Fujiyama wondered whether Yugoslavia might be brought in and the Minister thought that this might be useful. Although Yugoslavia-Soviet relations were strained the Yugoslavs seemed to retain their access to the Soviet Delegation at the United Nations and in the past had been useful in behind the scenes negotiations there. The Minister thought the Yugoslavs were at best honest brokers and at worst useful from our point of view.

25. In conclusion the Minister expressed the hope that the Japanese and Canadian Delegations at the forthcoming Assembly could keep in close touch with each other. Both countries wanted peace and had in common the fact that neither had a big axe to grind.

SECTION C

IMMIGRATION

476. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 18, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

. . .

CANADIAN CITIZENSHIP ACT; CANADIANS OF JAPANESE EXTRACTION WHO WERE REPATRIATED TO JAPAN AND HAVE SINCE RETURNED TO CANADA

11. *The Minister of Citizenship and Immigration* said that, during World War II and shortly afterwards, a number of Canadians of Japanese extraction were repatriated to Japan and ceased to be British subjects. The group included British subjects by birth and by naturalization.

The Citizenship Act provided that aliens wishing to acquire Canadian citizenship had to be domiciled in Canada for five years. However, another special provision, introduced after the act had first been passed, enabled the Minister to grant citizenship after residence of one year, provided certain conditions were met, to persons who had formerly been Canadian citizens or British subjects by birth or naturalization and who had lost either status for a reason other than marriage.

Representations had been received that those who had lost their status upon repatriation to Japan should be able to acquire citizenship after one year's residence in Canada. It was questionable whether this provision had been intended to apply to such a group. A decision was required as to whether citizenship should be granted in the usual way after a residence of five years or under the special provision of one year's residence.

An explanatory memorandum had been circulated, (Minister's memorandum, Oct. 3, Cab. Doc. 306-58).†

12. *During the discussion* it was pointed out that giving citizenship to these people after one year's residence would re-open old controversies. While Canadian conduct during the war years towards residents of Japanese extraction had left much to be desired, the group in question had departed voluntarily. Granting special treatment on citizenship might lead to embarrassing demands for restitution of property they once possessed. Persons who had returned to Germany had to wait for five years.

13. *The Cabinet* agreed that no special provisions be used for granting citizenship to Canadians of Japanese extraction who had been repatriated to Japan and who had since returned; they should be required to wait for five years and apply for citizenship in the normal way under Section 10 (1) of the Citizenship Act.

. . .

5e PARTIE/PART 5

LAOS : VISITE DU PREMIER MINISTRE À OTTAWA, LE 16-18 JANVIER 1958
LAOS: VISIT OF PRIME MINISTER TO OTTAWA, JANUARY 16-18, 1958

477. J.G.D. VIII/380/I41/L298.1 Vol. 93

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

[Ottawa], January 15, 1958

DISCUSSIONS WITH PRIME MINISTER OF LAOS — JANUARY 17, 1958

The International Commission in Laos was established in 1954 to supervise the execution by the Communist Viet Minh and the French Union High Command of the Cease-Fire Agreement which ended the long period of hostilities between them. The Communist Pathet Lao, who had supported the Viet Minh against the French and the Royal Government, regrouped in the two northern provinces of Phong Saly and Sam Neua. In effect, responsibility for the execution of the Cease-Fire Agreement devolved on the Pathet Lao and the Royal Laotian Government. The main task of the International Commission until last November was to prevent incidents between these two parties and to further their efforts to reach an agreement by which the Pathet Lao could be integrated into the national community.

Agreement finally was reached in November, 1957. The Pathet Lao (the Neo Lao Haksat) became a new political party with the rights and duties provided for by the constitution of Laos, and were given two portfolios in the Laotian cabinet. In return, they agreed to disband their military units and become peaceful members of the community. Supplementary elections planned for May will increase the size of the National Assembly from 39 to 60 seats, and will provide for representation of the Pathet Lao in the Government.

Laos occupies a strategic position, situated as it is between Communist China on the one hand, and Thailand, Malaya and Cambodia on the other. In Communist hands, Laos would provide a convenient base for aggression or subversion directed against the rest of Southeast Asia, and therefore the main objective of the Western powers continues to be the thwarting of any Communist attempt to displace the present pro-Western Government of Laos.

The recent agreements between the Royal Laotian Government and the Pathet Lao left something to be desired, but it seemed clear that a continued division of the country posed more dangers than did the settlement. The United States has serious reservations about the agreements and about the inclusion of two Pathet Lao representatives in the Cabinet. The Laotian Government has been informed that the United States intends to re-examine its programme of aid to Laos in the light of developments. The Canadian view has been the same as that of the United Kingdom and France, i.e., that the wisest course of action now will be to provide both moral and economic support to the Laotian Government. This support, along with the advice which can be given by the Western powers, will help the pro-Western group in Laos to maintain its position and to withstand any attempts by the Communists to gain control.

The political settlement opens the door to the dissolution of the International Commission in Laos. As you know, we have been unrelenting in our attempts to reduce our commitments in all three of the Indochina Commissions. In Cambodia we consider the Commission's job to be completed, but we have been unable to convince our Indian and Polish colleagues that the Commission should be dissolved. Our task has been complicated by the fact that the Cambodian Government wishes the Commission to remain. However, in Laos, the position of the host Government is different. Prince Souvanna Phouma has asked the Commission to leave as soon as possible. The Laotians need the accommodation which is occupied by the Commission, they consider that the presence of the Commission infringes upon their sovereignty, and they interpret the recent agreements and the elections which will be held in a few months as constituting the political settlement provided for in the Cease-Fire Agreement for Laos.

The Indians, although they favour a reduction in the size of the Commission, continue to maintain that none of the Commissions can be dissolved independent of the others. We, and the United Kingdom, have indicated to the Indians that we think there should be immediate reductions in the Laos Commission, and that the Commission should be completely eliminated following the establishment of control throughout the country by the central government. If the Indians are to be convinced, it is essential that the Laotian Government continue to press for the dissolution of the Commission.

Our relations with Laos have not been on a large scale but they have been friendly. Trade between Canada and Laos is on a negligible scale, but we have provided some technical assistance under the Colombo Plan. Funds are available to continue, and possibly to expand slightly, Canada's present programme of technical assistance in Laos, and there is no doubt that this aid makes some contribution to the general economy of the country and thereby strengthens the Laotian ability to resist Communist subversion.

In summary, therefore, the following are the main points which we would expect Prime Minister Souvanna Phouma to raise during his visit:

(a) *The International Commission*: When this subject arises, I would suggest that you inform the Prime Minister that we are anxious to see the Commission in Laos dissolved as soon as the agreements have been carried out. It perhaps would be wise to explain to him that we recognize that the presence of the Commission does constitute an infringement of the sovereignty of Laos, and that we understand his desire to have the situation ended as soon as possible. From our point of view, the Commission represents a considerable drain on our personnel resources and we should like to reduce this drain. It would be worthwhile to inform the Prime Minister that requests from the Laotian Government for the dissolution of the Commission are the best means of convincing the Commission powers, and that any further requests his government may make to the commission would strengthen our arguments for dissolution. A request to the Co-Chairman, however, would not be wise. It is unlikely that the U.S.S.R. would be cooperative, and this might lead to a hardening of the Indian attitude.

(b) *Colombo Plan*: There is not a great deal of money available for *capital aid* projects in Laos and it would be advisable to be fairly non-committal in any requests which are made for this type of aid. Funds are available for *technical assistance* and you may wish to indicate to the Prime Minister that we are prepared to consider sympathetically requests for training of Laotians in Canada or for the sending of Canadian experts to Laos.

(c) *The Future of Laos*: You may wish to assure the Prime Minister of Canada's sympathy for the national aspirations of the Laotian people. We appreciate the difficult future which the country faces, naturally we wish them every success in their efforts to develop the strength and unity of the country while maintaining the democratic approach which they have followed in the past.

Attached for your information is a more detailed brief† on various aspects of Laos. There are two pieces of personal information about Prince Souvanna Phouma in which you may be particularly interested:

(a) He speaks only French and Laotian.

(b) The leader of the Communist-oriented Pathet Lao is Prince Souphanouvong, who is the Prime Minister's half-brother.

SIDNEY SMITH

478. DEA/7266-C-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en France

Secretary of State for External Affairs
to Ambassador in France

TELEGRAM Y-26 Ottawa, January 21, 1958

CONFIDENTIAL. PRIORITY.
Reference: Our Tel Y-25 of Jan 21.†
Repeat London, Washington, Vientiane, Delhi (Priority).
By Bag Hanoi, Saigon, Phnom Penh, Canberra, Wellington (Information).

VISIT OF PRIME MINISTER SOUVANNA PHOUMA

On January 17 Souvanna Phouma called on the Prime Minister, myself and departmental officials.

2. In reply to Mr. Diefenbaker's inquiry about the political situation in Laos, Souvanna stated that the recent agreements were being implemented loyally. He confirmed Mr. Diefenbaker's understanding that the Laotian Government would be glad if the International Commission were withdrawn, and added that substantial reductions should be possible even if the Commission were to supervise the supplementary elections in May. He mentioned that the attitude of the Poles was the only obstacle to reduction, and suggested that the problem should be referred to the Co-Chairmen since, if the Poles proved adamant, it might be necessary to stop financing the Commission and "starve them out."

3. In replying to Mr. Diefenbaker's questions on the economic position of Laos Souvanna explained that his country was weak and ran a permanent trade deficit. However, the Government had adopted several measures designed to encourage private investment by foreigners.

4. In discussion with myself and departmental officials, Souvanna covered much the same ground although in some greater detail:

(a) *Withdrawal of the Commission.* Souvanna suggested that Polish reluctance to reduce size of commission was due to desire to maintain representation throughout the country. Laotian Government has not yet replied to Polish proposal for establishment of diplomatic relations. In Souvanna's opinion the Pathet Lao were not in the least interested in having the Poles remain; Prince Souphanouvong supported the Government policy designed to bring about withdrawal of the Commission. Souvanna disagreed with the Indian view that the lives of the three Indochina Commissions were interdependent and could not be ended separately; he pointed out that the Geneva Agreements provided for three separate settlements for three distinct problems. He undertook, however, to have a study made of this problem on his return to Vientiane, with particular reference to the articles in the three agreements which provide for consultation among the three Commissions, prior to reduction or dissolution of any one of them.

(b) *Current Situation in Laos.* Souvanna said the situation was developing normally and he repeated his familiar thesis that most of the Pathet Lao are loyal Laotians, not Communists. He insisted that there was as yet no evidence that the Neo Lao Haksat intend to indulge in Communist propaganda or activities. In any event he was confident that

Communist tendencies could be ascertained by the Government's information service and curbed by its police and military forces. In this connection he mentioned the law passed by the National Assembly before the agreements were signed, which provide the death penalty for activities against the Government.

(c) *Elections*. Souvanna was firm in stating that supplementary elections would take place throughout Laos in May, although they might be a week or two behind schedule because of the current absence of Government leaders from Vientiane. He had heard it stated by the Indians that the Neo Lao Haksat might gain up to seventeen of the twenty-one seats to be contested but he scoffed at this because the party would not be running candidates in all provinces and because the Government had control over the polls and officials.

(d) *Border Problems*. Souvanna suggested that although his country would never go Communist of its own volition, it would be finished if in time it should be surrounded by Communist neighbours. His Government intended to establish military posts immediately throughout the length of the international boundary of the two northern provinces. He did not anticipate any further border problems with North Vietnam, but he did think there might be increased difficulty along the border of South Vietnam. For this reason he had proposed to President Diem that a treaty be signed concerning surveillance of the border. When questioned about recent press reports of Thai pressure for revision of the 1926 Border Convention, Souvanna stated his Government would have no objection to revising the Convention with a view to abolishing the demilitarized zone in Thailand but it was firmly opposed to any question of boundary revision.

(e) *Relations with Communist China and Vietnam*. Souvanna confirmed that his Government did not intend to establish diplomatic relations with Communist China. Chou En-Lai had accepted Souvanna's explanation that such a move would create problems in relation to Nationalist China. China needs twenty-five years of peace to establish its new system and Souvanna believes that fear of United States bases would be the only thing which might cause Chinese intervention in Indochina. He mentioned that Communist China had made no effort to use the large Chinese population in the Peninsula for subversion.

Souvanna was obviously worried about the stability of South Vietnam. He contended that Cochin China was badly under represented in the Government, and that the resentment generated by this situation, combined with the efforts of French-supported remnants could cause trouble.

(f) *Visit to the United States*. Souvanna said his visit to Washington had gone very well. He thought he had succeeded in convincing the United States Government that the settlement in Laos was the only practicable one in the circumstances. He said all problems except the monetary ones had been solved; his Minister of Finance was returning to Washington for further discussions.

5. During a meeting which was chaired by the Honourable W.J. Browne, Souvanna Phouma and his Ministers were informed that although Canada was prepared to expand technical assistance under the Colombo Plan, no funds were available at this time for capital projects. Souvanna Phouma appeared to understand this, although he stated that aid of any kind would be welcomed by his country. A few administrative problems were discussed.

6. During his visit Souvanna appeared, to officers who had known him in Vientiane, to be more confident and expansive than during the period of political negotiations. His previous

aggressive optimism seems to have given way to a measure of willingness to face the possibility of future difficulties and dangers.

SIDNEY E. SMITH

6e PARTIE/PART 6

CORÉE : RETRAIT DES FORCES CHINOISES COMMUNISTES
KOREA: WITHDRAWAL OF COMMUNIST CHINESE FORCES

479. DEA/50396-40

Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET [Ottawa], March 3, 1958

CHINESE PROPOSAL ON KOREA

On February 7 the authorities in Peking handed a statement to the United Kingdom Chargé d'Affaires, for transmission to the 16 powers concerned on the United Nations Command side, proposing the withdrawal of all foreign forces from Korea and the holding of elections throughout the country in order to unify the peninsula.[91] A few days later the Chinese and the North Koreans announced that agreement had been reached to the effect that Chinese Communist forces would be withdrawn from Korea between April and the end of the year. There was at first a disposition to regard the Chinese statement as a propaganda move but the announced intention to withdraw Chinese Communist forces suggests that there is more than propaganda behind the Chinese proposal. Nobody has yet produced a completely satisfactory explanation for the Chinese offer: some consider that it may be evidence of a genuine desire for a settlement; others consider still that it is a mere propaganda manoeuvre; others think that it may be related to disarmament proposals and the Communist desire for a summit meeting; and yet others think that it may be related to the Chinese desire for a seat in the United Nations. The United States is inclined to extreme skepticism and to test Chinese intentions in a manner which some Americans themselves describe as "not too forthcoming." Like the British and Australians, your officials have inclined toward the view that there should be more encouragement than the United States appears to consider suitable in any reply to the Chinese statement. Representatives of the 16 are to meet in Washington, probably tomorrow (March 4) to hear United States proposals for a reply.

2. During your absence, we have tried to exert pressure on the official level to make sure that the Chinese statement is not rejected out of hand. We have also shown concern over the presentational aspect of the United Nations case. We have advanced the view that the countries replying to the Chinese on behalf of the United Nations should reply in terms which will appear reasonable to the uncommitted nations. An appearance of reasonableness seems to us to imply a readiness to discuss modalities for unification, and a reply in

---

[91] Pour un résumé de la note chinoise, voir le *New York Times*, February 11, 1958, p. 1.
For a summary of the Chinese note, see the *New York Times*, February 11, 1958, p. 1.

language which could not be considered provocative or offensive by the Communist side, taking into account the political realities which include the inability of countries like Communist China and the Soviet Union to admit that they encouraged or committed aggression in Korea or that they have otherwise been wrong. It seems to us to be unrealistic to attempt to extract any sort of formal apology or confession of guilt from these governments.

3. We have been concerned ever since the Geneva Conference, in the spring of 1954, that the 16 countries representing the United Nations side have maintained unreasonable requirements in the matter of supervision of elections in Korea looking toward the unification of the country. We have consistently held that it is unrealistic to expect the North Korean régime to surrender as though it had been defeated militarily and accept conditions for unification which it did not participate in drawing up (and indeed which were formulated at the height of the Korean war and at the point where the U.N. Command side thought that it was going to overrun all of North Korea); nor does it appear reasonable to expect these authorities to submit to supervision of elections by a body in which they are unrepresented and with which they have considered themselves to be at war. We have, therefore, devoted ourselves to trying to find a formula which would meet both the U.S. requirements for elections under "United Nations auspices" and the practical need to have supervision acceptable to the North Koreans and their supporters. Our last proposal was that the United States might consider suggesting to the Chinese, in the reply to the proposal of February 7, the hope "that arrangements for these elections acceptable to all concerned, could be worked out under the auspices of the United Nations."

4. The situation is too fluid to ask you for a definitive indication of your views. Reports from Washington vary from those suggesting that the State Department (or, at the very least, some influential officials in it) may hold views quite close to our own, to those suggesting that the rigid line of the last three years will be maintained, if necessary in the face of objections from the close associates of the United States. I thought, however, that you would like to have this information to bring you up to date as future developments may be quite rapid. In case you would like to read further on the subject, I attach copies of the following telegrams:†

Our Y-70 of February 26 to Canadian Embassy, Washington.
Embassy Washington Telegram 434 of February 26 to Ottawa.
Our Y-73 of February 28 to Canadian Embassy, Washington.
Embassy Washington Telegram 466 of February 28 to Ottawa.

J. L[ÉGER]

480. DEA/50396-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], April 11, 1958

WITHDRAWAL OF CHINESE TROOPS FROM NORTH KOREA

The statement by the People's Republic of China dated February 7, 1958 (a copy of which I sent to you under my memorandum of February 13†) has been studied by those governments which contributed forces to serve under the United Nations Command in Korea. On March 4 a meeting of the representatives of the fifteen nations (South Africa declined to participate) was held in Washington to consider a reply to the Chinese statement. A draft reply prepared by the United Kingdom was accepted as a basis for an official reply. A temporary drafting committee composed of the United Kingdom, the United States, Thailand and Turkey (countries still having forces in Korea) incorporated into a reply various amendments accepted at the meeting. This suggested text was then sent to all of the governments concerned. Some governments made further suggestions, resulting in a few additional textual changes. None of the changes was substantive in that they did not alter the purpose or tenor of the draft reply. On April 2, a final reply (a copy of which is attached)† to the Chinese statement was agreed upon and it was delivered to the Peking Government by the United Kingdom Chargé d'Affaires on April 9, 1958. Our principal aim and that of the United Kingdom since receiving the Chinese statement has been to avoid a curt rejection of their proposals and to explore them further.

2. The official South Korean attitude to the withdrawal of the Chinese troops has continued to be that unification lies only through the "withdrawal of the Red Chinese invaders and through North Korean elections under the auspices of the Republic of Korea and the supervision of the United Nations" and that the United Nations forces must not be withdrawn until Korea "has been democratically unified and its boundaries made secure." President Rhee has dismissed the Chinese withdrawal as "mere propaganda" and regards any move towards negotiation as a sign of weakness.

3. The principal problem for the United States when considering the Korean question is the reconciliation of Pentagon and State Department policies. The Pentagon holds that it is strategically essential to retain United States forces in Korea for the foreseeable future, that United States strategy is increasingly dependent on the use of nuclear weapons, and that Korea cannot be excluded from that strategy. United States commanders in Korea are therefore carrying out plans on the assumption that, if hostilities break out again, they will not be confined to Korea or to the use of conventional weapons only.

4. A clear indication of Pentagon thinking on Korea was recently given by a United States Army General before a Congressional Sub-Committee. He stated that "the requirement to maintain a deterrent force in the Far East is in no way diminished by the announced Chinese Communist intention of withdrawing their forces from North Korea. The Chinese Communist forces retain the capability of rapid reentry into Korea ... the two divisions now in Korea must continue to be deployed in forward locations in order to exercise a deterrent effect in the Far Eastern area."

5. There are indications that the State Department has given some thought to the alternative possibility of seeking re-unification of Korea on the basis of negotiations. It would be dangerous to expect this possibility to weigh very heavily against strategic considerations, but it will be necessary to consider, during the coming weeks, the courses open to the United States and its allies at this juncture. Much will, of course, depend upon the nature of the reply the Chinese may make to the 16-Power statement of April 9: an uncompromising reply would eliminate the need to give immediate consideration to alternative courses of action, but a forthcoming reply could lead to strenuous discussions among the Sixteen.[92]

6. A somewhat lengthy study was started while you were out of town, to consider the courses of action which may be open to us. This study has so far reached the stage of a first draft only; it is under study with a view to producing more fully considered opinions, but, because of the possibility that developments may take place quickly, you might like to see it. A copy is attached.† It points to the following conclusions:

(a) We cannot be sure that the United States will put strategic considerations ahead of Korean unification although this seems to be the probable outcome of confrontation between the two policies.

(b) Direct Canadian concern is not sufficient to warrant our putting out a great effort to influence the United States one way or the other although we should make an effort to see that a moderate policy is pursued.

(c) Our interest lies in dissociating ourselves and our friends from too deep a commitment to Korean unification; we should concentrate on North Korean compliance with the Security Council resolutions of 1950[93] while avoiding any further charges against Communist China.

(d) On the tactical side the least harmful course open to the Western powers would appear to be to carry exploration of Communist intentions through one further exchange of messages with the Chinese (assuming that the Chinese response to our reply leaves room for manoeuvre) and to rely on negotiations in the General Assembly, on the basis of the need for the North Koreans to comply with Security Council resolution of 1950, in order to give us a breathing space to find out what the United States Government is prepared to do about a Korean settlement.

(e) We have examined the use of the argument that North Korea needs to comply with the Security Council resolutions of 1950, not because we are taken with it, but because the alternatives appear to us to be worse. There are, after all, flaws in this argument: there is a sort of balance between Northern holdings south of the 38th parallel and Southern holdings north of it; and, more important, the situation along the 38th parallel has acquired a certain amount of sanctity through the approval of the Armistice Agreement and the passage of time. We should want to think out the implications carefully before suggesting the use of this argument to the United States: there is danger that it might become another shibboleth.

---

[92] Le gouvernement communiste chinois a répondu le 6 mai 1958 à la note des Seize du 9 avril 1958. Les Seize ont répondu à cette deuxième note chinoise le 2 juillet. Le gouvernement chinois a remis une troisième note le 10 novembre 1958. Les Seize ont répondu à cette note, le 5 décembre 1958. Pour cet échange de correspondance, voir *Documents on International Affairs, 1958*, London: Royal Institute of International Affairs — Oxford University Press, 1962, pp. 220 à 228.

The Communist Chinese Government responded to the April 9, 1958 note of the Sixteen on May 6, 1958. The Sixteen replied to this second Chinese note on July 2. A third note was issued by the Chinese Government on November 10, 1958. The Sixteen responded to this note on December 5, 1958. For this exchange of correspondence, see *Documents on International Affairs, 1958*, London: Royal Institute of International Affairs — Oxford University Press, 1962, pp. 220-228.

[93] Voir Canada, ministère des Affaires extérieures, *Le Canada et la crise coréenne*, Ottawa, Imprimeur du Roi, 1950, pp. 20, 24, 30.

See Canada, Department of External Affairs, *Canada and the Korean Crisis*, Ottawa: King's Printer, 1950, pp. 17-18, 21, 27.

J. L[ÉGER]

CHAPITRE IV/CHAPTER IV

EUROPE DE L'EST ET L'UNION SOVIÉTIQUE
EASTERN EUROPE AND THE SOVIET UNION

PREMIÈRE PARTIE/PART 1

LES RÉFUGIÉS HONGROIS
HUNGARIAN REFUGEES

481. DEA/5475-EA-4-40

Note du ministre par intérim de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Acting Minister of Citizenship and Immigration to Cabinet

CABINET DOCUMENT 103-57 Ottawa, July 10, 1957

CONFIDENTIAL

HUNGARIAN REFUGEES

Shortly after the Hungarian uprising last October and with the arrival in Austria of large numbers of refugees, the Canadian Government announced that it was anxious to receive and to assist in coming here, from Austria, as many refugees as wished to come. There were no limits placed on the ultimate size of this movement; however, on November 29, 1956, the Austrian Chargé d'Affaires in Ottawa was informed that, while an absolute figure had not been set, the guiding Canadian principle is to take as many as wished to come and can be settled in the Canadian community.[1] On December 5, 1956, the Department of External Affairs was advised that from what could then be foreseen, it would be Departmental policy, for the next two or three months, to continue accepting refugees to the limit of the transportation facilities available and that Canada would continue to admit refugees until either the source is exhausted or until the Federal, Provincial and private facilities for their reception became saturated. In a statement in the House of Commons on November 26th,[2] the Minister of Citizenship and Immigration stated that the Government was in favour of bringing to Canada all those refugees who would be better off and happier here. In brief, while aimed at relieving Austria with its grave problem of providing reception and care for very large numbers of refugees and at the same time acquiring substantial numbers of new settlers who could be absorbed with advantage into the Canadian community, Canada's policy nonetheless reflected the knowledge that the absorptive capacity for refugees, as with other immigrants, is limited to the capacity of the facilities which existed or could be made for their reception, care and placement here. In late November, the Canadian Government announced that free passages to Canada would be provided for Hungarian refugees accepted for movement to this country. The usual medical examination for immigrants overseas was waived (in the case of refugees in Austria) and such examination took place on arrival of the refugees in Canada. Further Hungarian refugees were admitted without the usual security screening.

---

[1] Voir/See Volume 23, Document 480.

[2] Voir Canada, Chambres des Communes, *Débats*, 1956 à 1957, Quatrième session spéciale, pp. 37 à 41. See Canada, House of Commons, *Debates*, 1956-1957, Fourth Special Session, pp. 36-40.

In December 1956, the Government made arrangements with the Netherlands to accommodate until spring, when they would be moved to Canada, 2,000 refugees from Austria and for Canada to accept for movement from the United Kingdom and France in the spring, up to 5,000 and 3,000 respectively, on the understanding that those countries would, by that time, have received additional equivalent numbers from Austria. This had the immediate effect of relieving the pressure on Austria by moving refugees from that country and, at the same time, prevented a prohibitive strain being placed on the reception facilities in Canada which were fully occupied with the continuing flow direct from Austria to Canada. The movement of refugees from the Netherlands and the United Kingdom has now been completed and the one from France will be completed by July 31, 1957. In these cases also, refugees were accepted without regard to their medical condition although medically examined abroad.

In March 1957, it was decided to accept 1,500 Hungarian refugees who had found temporary sanctuary in Italy and 1,000 refugees from Yugoslavia. Refugees in these movements were to meet Canadian Immigration requirements apart from security and the Italian Government is to pay the cost of transportation to Canada for those from that country.[3]

In the case of Hungarian refugees who moved from Austria to second countries of haven in Europe but who indicated a desire to come to Canada, while initially their movement was authorized on the same basis as refugees from Austria, in December, it was necessary to issue instructions that the movement of such refugees be deferred to the spring. This restrictive order was relaxed in January to allow those to come to Canada who could be placed under the winter immigration programme as well as sponsored cases. During April 1957, because of the unusually large flow of immigrants from normal sources and the difficulties encountered in Canada in placing refugees, it was decided to restrict Hungarian refugee immigration as well as other immigration. On May 1st, firm instructions were issued to restrict the issue of visas to:

(1) Refugees being selected in Austria and by special teams in Yugoslavia and Italy.

(2) Hungarian refugees of the United Kingdom, The Netherlands and France quotas or who were selected to meet transportation commitments on the *Ascania* which had been chartered by ICEM for the transport of refugees to Canada.

(3) Hungarian refugees sent call-up notices for visa purposes prior to receipt of the May 1st instructions.

(4) Close relatives or Hungarian refugees sponsored by residents of Canada together with cases of exceptional merit.

(Free transportation was to be available for sponsored refugees willing to use transportation facilities as arranged by the Canadian Government through the Intergovernmental Committee for European Migration. Hungarian refugees outside of Austria in the exceptionally meritorious category were to be eligible for Assisted Passage).

---

[3] Note marginale :/Marginal note:

Press release will be forthcoming.

We should prepare instructions but do not release until Minister OKs. [auteur inconnu/author unknown]

On May 10, 1957, overseas posts were advised by cable to delay the movement of all unsponsored Hungarian refugees until August at least, whether or not they had been issued visas.

Hungarian refugee arrivals in Canada to July 5, 1957, have been as follows:

November 1956	122
December 1956	4,045
January 1947	5,957
February 1957	3,936
March 1957	3,747
April 1957	6,431
May 1957	5,314
June 1957	2,185
First week in July	1,039
TOTAL TO JULY 5, 1957	32,776

In addition to taking a large number of Hungarian refugees from Austria, Canada, unlike the United States, Australia or other immigration countries, has accepted substantial numbers of refugees temporarily resettled in other countries of Europe. Attached as Appendix A† is a table analyzing these movements. It will be seen from this table that of the Hungarian refugees proceeding to other European countries, 15,735 have applied to come to Canada and Canadian visas have been issued to 11,674 including those Canada agreed to take from the United Kingdom, France, Italy and Yugoslavia in countries other than Austria. The difference is made up partly of those who could not come forward in view of our recent restrictions and to a lesser degree it consists of persons who applied to come to Canada and subsequently decided not to migrate or to migrate to other countries. It must be recognized however, that the total number of applications does not represent the total number of refugees in these countries who might want to come to Canada. There is no doubt that because of the restrictive instructions many applications of persons who could not be dealt with were simply not accepted.

Pressure on Canada to admit Hungarian refugees from Western Europe is coming primarily from Ireland and Denmark. In Germany, The Netherlands and Belgium for example while Hungarian refugees have applied to come to Canada the authorities in those countries indicated they are interested in retaining their refugees in view of labour shortages. Canada by agreement has taken specified numbers of refugees from France, the United Kingdom, Italy and Yugoslavia although there may be others, particularly in Yugoslavia and Italy, who would be interested in coming to this country. While Switzerland has a large number of refugees who wish to come to Canada, no particular pressure has been exerted on Canada to rescind its restrictive measures.

In so far as Austria is concerned, at the end of June the situation was as follows:

(a) 28,000 Hungarian refugees, including 3,000 unaccompanied minor children, still remain in Austria;

(b) The majority of these refugees are workers and physically fit;

(c) The United Nations High Commissioner for Refugees considers that all are political refugees;

(d) The order of preference for migration of the remaining refugees is the United States, Canada and Australia, in that order.

(e) Applications for approximately 5,000 refugees are on hand in our Vienna office and probably an equal additional number would prefer to come to Canada in view of the virtual stoppage of the U.S.A. Hungarian refugee intake about two months ago.

From April 27th to June 14th of this year, refugee arrivals in Austria averaged 19 per week.

In summary, as of June 28, 1957, 47,919 applications for admission to Canada had been received from Hungarian refugees and 35,413 visas had been issued; of the latter figure, 2,633 refugees were awaiting transportation and 31,737 had arrived in Canada as of June 28th. The difference between the number of visas issued and the number of refugees arrived or awaiting transportation is 1,043, probably representing those persons who received visas and subsequently decided not to migrate. The difference between the number of applications received and the number of visas issued is 12,556, which, taking into account the number of applications which might have been refused and are not reflected in our statistics, represents a visa potential of approximately 10,000, three-quarters of which is made up of refugees from Austria.

As reported in my Memorandum to Cabinet of July 3rd,† dealing with the Immigration Winter Programme for 1957/58, there is an unusually heavy flow of immigrants from normal sources to this country this year. The total arrivals for the first six months of 1957 is estimated at 175,000, including roughly 26,000 Hungarian refugees. Coupled with this extremely heavy flow is the fact that employment conditions during the coming fall and winter are expected to be less favourable than was the case last winter. In addition, experience has shown that the Hungarian refugees, because of language difficulties and the fact that they are not pre-conditioned for migration and have difficulty in becoming adjusted, present particular placement problems. Attached as Appendix B† is a table showing, as of June 28th, the Hungarian refugees receiving accommodation and emergency subsistence from the Department in relation to the total migrants receiving such help as of that date. Of a total of 7,205 immigrants receiving emergency assistance in the form of food and shelter, 6,208 were Hungarian refugees and of a total of 1,422 immigrant workers who were not placed in employment and were receiving such assistance in excess of two weeks, 1,353 were Hungarian refugees. There is no doubt that a large number of the Hungarian refugees now in Canada and yet to arrive under existing commitments will require assistance in respect of accommodation, etc. during the forthcoming fall and winter when employment conditions are more difficult. At the same time substantial numbers of migrants of the regular flow, from volume alone, will require assistance. While a survey is being made to provide extra accommodation for immigrants during the fall and winter, a report from the Department of National Defence indicates it will not be feasible to shelter more than 10,000 in addition to hostels already administered by the Canadian Government which have a capacity of 5,546. If continued freely, the Hungarian refugees will no doubt result in a movement of an additional 12-15,000 refugees in 1957 and this will occupy the greatest portion of such accommodation as may be available, leaving very little for other immigrants who may need such assistance.

It is considered that the extreme urgency of the Hungarian refugee situation has passed. In the future there should be no limit as to the numbers of such refugees admitted to Canada if dealt with under normal immigration programs according to the usual immigration requirements. At the moment, however, it seems evident that to continue the movement unchecked will result in serious problems in respect of the accommodation and maintenance not only of themselves but of other migrants and in addition will prejudice future prospects for successful programs from normal sources through the creation here of unsatisfactory conditions.

It is, therefore, recommended:

that for the balance of 1957

(a) the admission of Hungarian refugees from all countries, including Austria, be restricted to those who are sponsored by

(i) close relatives residing in Canada who are in a position to receive and care for the refugees applied for

(ii) responsible persons or firms who undertake to employ the refugees applied for immediately upon their entry and with regard to whom Immigration officials are satisfied that the undertaking can and will be fulfilled, and that the refugees will not displace a Canadian or other landed immigrant or landed refugee, and that employment will be at prevailing rates.

(b) subject to (ii) above, the granting of visas to those who are sponsored by friends, voluntary agencies or church groups, be discontinued.

(c) that for the time being free passage for refugees be continued on the present basis, subject to a review in three months' time on the basis that sooner or later the policy of granting free passage will have to be discontinued.[4]

[E.D. FULTON]

---

[4] Approuvé par le Cabinet le 11 juillet 1957./Approved by Cabinet on July 11, 1957.

482. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

SECRET [Ottawa] October 4, 1957

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
 and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice
 and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Secretary of State for External Affairs (Mr. Smith).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

TRANSPORTATION FOR HUNGARIAN REFUGEES
(PREVIOUS REFERENCE JULY 11)

18. *The Acting Minister of Citizenship and Immigration* said that Cabinet had agreed last July that the question of transportation for Hungarian refugees be reviewed in three months time. At the present time, about 5,500 Hungarian refugees in Austria and some 2000 in Yugoslavia would be interested in coming to Canada. A few thousand scattered in other European countries would come to Canada if given the opportunity. The overall potential entry was therefore approximately 10,000. The Cabinet had decided, on July 11th, to restrict the further movement of Hungarian refugees to those sponsored by close relatives in Canada or prospective employers. If a special Hungarian refugee movement for unsponsored refugees were revived, it would be necessary also to renew free transportation arrangements, otherwise there would be criticism on the grounds that these refugees should not receive less favourable treatment than those who were fortunate enough to be dealt with in the first days of the refugee emergency.

There were no funds available for capital expenses at present for Hungarian refugees. Transportation costs amounted to $200 per head. Should the government decide to resume the Hungarian refugee movement on the previous basis, monies would have to be earmarked in the fall supplementary estimates to meet the expenses which would have to be made during February and March of next year.

The U.N. High Commissioner for Refugees had recently informed him that the 5,000 Hungarian refugees left in Yugoslavia were living under very difficult circumstances. If they remained they would have to spend the winter in unheated camps. All the countries who were accepting refugees had been asked to take in as large a number as possible before the winter. Canada was willing to take 600, and possibly 100 or 200 more if the U.N. found it difficult to place all the refugees. This would represent an expense of $140,000 in transportation costs.

The Minister recommended:

(a) that free transportation be continued for those Hungarian refugees who had filed applications for admission to Canada or for whom applications were filed by sponsors in Canada with Canadian immigration officials prior to April 30th, 1958, and provided they agreed to accept transportation arranged by the Canadian government;

(b) that such free transportation be provided only where the refugee would arrive in Canada before December 31st, 1958;

(c) that after these dates free transportation for Hungarian refugees be terminated;

(d) that notwithstanding the decisions of July 11th, 1957, the Acting Minister of Citizenship and Immigration, in view of the human aspect of the Hungarian refugee problem, be authorized to approve certain group movements of Hungarian refugees as circumstances might warrant, and that those Hungarian refugees who qualified under the Winter Immigration Programme as approved on July 9th, be allowed to come forward during the winter months.

An explanatory memorandum was circulated, (Minister's memorandum, Oct. 3, 1957 — Cab. Doc. 237-57).†

19. *Mr. Fulton* pointed out that his recommendations did not represent a variation from the policy enunciated last July except in so far as admitting the group of refugees from Yugoslavia before the winter months.

20. *During the discussion* the following points emerged:

(a) Canada would probably soon be faced with unemployment problems. Their solution would not be facilitated by the arrival of large groups of immigrants. There had been complaints during the previous administration that the immigration policy was too generous. In some quarters, Hungarian refugees were not looked on with favour.

(b) Hungarian refugees already established in Canada voiced their approval of the government's policy. They were worried lest those left in Europe might become infected by the Communist virus.

(c) There should be no announcement now committing the government to admitting all 10,000 Hungarian refugees next year. Any announcement should limit itself to the government's intention to admit the 700 or so refugees who would face inhuman conditions if left in Yugoslavian camps during the coming winter. The government should confine itself to this decision and the relevant expenses should be included in the fall estimates.

(d) Immigration plans of the government should not be kept secret as the previous administration had done. Proper statements made in the House when the time came would help turn away criticisms.

(e) The United States and Canada had now accepted approximately the same number of refugees. The U.S. of course contributed to the maintenance of some of the refugees in European camps, while Canada did not. It was suggested some pressure might be put on the U.S. to accept a larger number of Hungarian refugees.

21. *The Cabinet* agreed that Hungarian refugees should be admitted to Canada, and their transportation provided, on the basis proposed by the Acting Minister of Citizenship and

Immigration, during the remainder of the current fiscal year and that estimates should be requested of Parliament on this basis.

. . .

483. DEA/5475-EA-4-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Bureau européen des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to European Office of United Nations

TELEGRAM C-113 Ottawa, February 27, 1958

CONFIDENTIAL. PRIORITY.

Reference: Your Tels 752 of Dec 24/57† and 93 of Feb 10/58.†
Repeat Dublin, Vienna, Brussels, Bonn, Berne, Copenhagen, Stockholm, London (Routine) (Information).

Certain factors of which you are probably aware have made it difficult for Immigration authorities to let us have information on their plans for the acceptance of Hungarian refugees from Ireland and some Western European countries.

2. However, we have received detailed information on Immigration Department's 1958 plans for acceptance of Hungarian refugees from the Director of Immigration in a letter dated February 24, 1958,† the following being salient points raised in his letter:

It is planned to give special assistance to the following Hungarian refugees listed under countries:

Ireland	400
Austria	2,000
Belgium	100
Germany	400
Switzerland	100
Denmark	75
France	100
Sweden	75
United Kingdom	100
Other European Countries	50
TOTAL	3,400

3. We understand Immigration has issued instructions to their posts concerning the documentation and processing of Hungarian refugees and that in Ireland this will commence at the various camps by the middle of March. Until a decision is taken on the extent to which special assistance will be offered, (which decision we are told in confidence might not be forthcoming until in early April) refugees, following their examination, will be asked to return to their homes or camps and there await the issuance of visas.

4. Notwithstanding the above mentioned quotas, Hungarians who can qualify in an authorized open placement movement on the same basis as other immigrants, may have the same opportunity of coming forward. Thus such individuals or those who are sponsored, may come forward as self-payers or may obtain an assisted passage loan if eligible.

5. Special assistance priority under the 3,400 quota will be given to those refugees eligible under the present selection criteria, whose applications have been held over at offices abroad after last year's movement.

6. The Government of Ireland's offer to contribute $80 toward the cost of each refugee's transportation to Canada has been accepted but no repeat no financial assistance for the 400 refugees concerned will be accepted from the United States.

7. It is anticipated that transportation arrangements will be completed by the ICEM on our behalf in countries where this organization is represented. It is hoped transportation which will, in all probability, be by regular commercial steamship, can begin in May.

8. Detailed instructions are being forwarded to Immigration officers overseas. However, instructions will say that visas are to be withheld until transportation arrangements are know.

9. The Director of Immigration points out that bona fide Hungarian refugees in the sponsored category may move to Canada prior to March 31 provided they comply with normal requirements and are able to finance their transportation or obtain assisted passage.

10. Copy of the Director of Immigration's letter of February 24 is being sent to you forthwith. You may pass this information to the U.N. High Commissioner for Refugees but, he should be told that it should not be publicized for the time being.

---

484. DEA/232-BG-1-A-40

Le représentant permanent auprès du Bureau européen des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to European Office of United Nations
to Secretary of State for External Affairs

TELEGRAM 171 Geneva, March 6, 1958

CONFIDENTIAL

Reference: Your Tel C-113 Feb 27.

ADMISSION OF HUNGARIAN REFUGEES IN CANADA DURING 1958

Immediately on receipt of your telegram C-113 February 28, I conveyed orally to the High Commissioner the excellent news of Canada's intention to accept a total of 3400 Hungarian refugees from a number of European countries. Lindt was delighted at this news which he said was "highly gratifying."

2. However, Lindt was perplexed, as we were, at the distribution arrived at (as stated in your telegram) to accept refugees in various numbers from certain Western European countries. He regretted that more emphasis had not been placed on accepting refugees from Austria. As I had invited Lindt to comment on the Immigration Department's plan he sent me the following letter this morning, Begins:

"If these quotas have not yet been irrevocably fixed I should like to suggest certain modifications. According to my information the overwhelming majority of Hungarian refugees in Belgium, Germany, Switzerland, France, UK and Sweden are already settled. Those relatively rich nations are able either to absorb into their economy the few unemployed or to render them public assistance. It seems to me therefore that the quotas for these countries could be abolished with the exception of say 100 for family reunion. On the other hand, highest priority should be given Hungarian refugees in countries unable to integrate them into their economic system. Those countries are Ireland, Denmark, Italy and Austria. I should propose to leave the quotas for Ireland and Denmark unaltered as they reflect their immigration needs of Hungarian refugees. In Italy, which seems to have been overlooked, there are still over one thousand Hungarian refugees who were accepted by Italy on the express understanding that their asylum would be of a temporary nature. The chronic unemployment and under-employment in Italy make their resettlement necessary. Italy should therefore be granted a quota of 200. Austria on the other hand had to bear the brunt of the Hungarian refugee problem. There are still almost 20,000 refugees in that country of whom 8,000-9,000 wish to emigrate. The Hungarian refugee problem cannot be considered solved as long as a disproportionately great number has still to live on Austrian public assistance. It would therefore seem appropriate to increase the quota for Austria by 400. Lastly I would make a special plea for the 185 Hungarian refugees still remaining in the Dominican Republic. These represent the remainder of 582 persons who emigrated to the Republic from Austria under bilateral arrangement between the two governments. Nearly 400 of these refugees in two groups have already returned to Austria but that Government has now refused to accept any further returnees. My representative in Latin America is at present personally investigating the position of these refugees. Until I receive his report it is not possible to estimate the exact numbers who will wish to emigrate elsewhere. It is quite possible, however, that the entire group will wish to go to Canada. Given their difficult situation I should like to see a quota reserved for them. I understand fully that the question of their processing presents a problem which, however, could be studied and overcome. The quota table would then look as follows:

Austria 2,400, Denmark 75, Ireland 400, Italy 200, Dominican Republic 185, family reunion 100, others 40, total 3,400.

If it should be impossible to revise the quotas for various countries as suggested above I would still maintain my special plea for the small group of Hungarian refugees in the Dominican Republic. I would also suggest that the Canadian Government ask the governments of the various European countries concerned to replace Hungarian refugees selected for Canada by other Hungarian refugees from Austria on a per capita basis. I am aware that the information which you have so kindly given to me on this subject is of a confidential nature at the moment yet I should like to ask if you have any objection if I use this info also confidentially in my negotiations with other governments.

The Canadian decision sets a very generous example to other nations desirous to solve completely the remainder of the Hungarian refugee problem."

3. Naturally there may be valid reasons for Immigration's decision of which neither the UNHCR nor this mission are aware. We were hoping that the letter of February 24 mentioned in your telegram from the Director of Immigration to the Department might bring some light on this aspect of the problem. However, we have not yet received copy of Smith's letter.

4. I strongly urge that the High Commissioner's views mentioned above be taken into consideration and that if it is not too late the emphasis of Canadian intake be shifted to Austria while retaining the overall quota of 3,400.

5. Furthermore the High Commissioner remains hopeful that the Canadian authorities might be able to reconsider their decision concerning the Hungarian refugees in the Dominican Republic. Even if those refugees cannot be processed in the Dominican Republic, it might be possible to grant them a special priority for processing and issuance of visa in Austria should they be returned there. The situation of the Hungarians in the

Dominican Republic is tragic and there is no hope for them of finding permanent settlement there.

6. I should like to emphasize the extent to which Lindt was impressed by and grateful for the Immigration Department's decision to accept a further substantial number of Hungarian refugees.

[M.H.] WERSHOF

---

485. DEA/5475-EA-4-40

Le sous-ministre de la Citoyenneté et de l'Immigration au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Citizenship and Immigration to Under-Secretary of State for External Affairs

Ottawa, June 19, 1958

Attention: Consular Division

I have noted your despatch No. V253 of June 11, 1958,† to Geneva, reading as follows:

"You may tell Lindt that decision to admit 3,400 Hungarian refugees to Canada in 1958 has been confirmed but we would wish him to continue to treat this info confidentially for the time being. It is hoped that final decision re transportation arrangements can be obtained soon. We shall inform you as soon as we have further info.

2. Immigration reports that special mission will not repeat not be necessary in Austria, as arrangements have already been made for all Hungarian refugees in Austria to be examined by our Immigration officer in Vienna."

It is not correct to say that it has been decided to admit 3,400 Hungarian refugees to Canada in 1958. This we have tried to explain to Dr. Lindt during his visit to Canada but, apparently, he prefers to use that figure as a commitment instead of an estimate, which it is. There is nothing in our programme for 1958 which assures that 3,400 Hungarian refugees will be admitted this year. In fact it was our estimate that 400 Hungarian refugees would be selected from Ireland but, according to our information, only 175 refugees could be visaed to come to Canada. This does not mean, of course, that the 225 unused visas will be transferred to another country as the figure was not a commitment but an estimate.[5] I wish you would clarify this situation with Mr. Wershof who apparently disclosed our estimated programme to the High Commissioner for Refugees and, since then, it has been the cause of confusion in the mind of the High Commissioner and his staff.

LAVAL FORTIER

---

[5] Note marginale :/Marginal note:

Miss Horwood was at this meeting, and had opposite impression. See her memo of June 2† on 5475-EA-4-40 [auteur inconnu/author unknown]

486. DEA/5475-EA-4-40

Le sous-secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Bureau européen des Nations Unies

Under-Secretary of State for External Affairs
to Permanent Representative to European Office of United Nations

LETTER NO. V-271 Ottawa, June 26, 1958

CONFIDENTIAL

Reference: Our tel. V-253 of June 11.

ADMISSION OF HUNGARIAN REFUGEES TO CANADA IN 1958

In his letter of June 19, 1958 (copy attached), the Deputy Minister of Citizenship and Immigration points out that the information contained in our Telegram V-253 was not correct in referring to a decision to admit 3400 Hungarian refugees to Canada in 1958. He asks also that we clarify this situation with you.

2. Accordingly we have had further conversations with the officers of the Department of Citizenship and Immigration, as it was an officer in that Department who had originally authorized the wording of our telegram under reference. The figure of 3400 refugees is not in any sense a quota figure for Hungarian refugees in 1958; still less is it a goal or objective at which our Immigration Branch is aiming. Instead, it is based on the maximum figure which has been used by the Immigration officials in projecting the Immigration programme for 1958.

3. We understand that a submission is currently before Cabinet which recommends that the Government of Canada should pay transportation expenses of up to 3400 Hungarian refugees, provided that they have been examined and cleared and that visas have been granted to them before September 1. As in the case of the programme, this submission to Cabinet is concerned with an estimated movement of a maximum of 3400 or 3560 Hungarians and should not be interpreted as a quota or a goal.

4. The total figure of admissions will depend on the number of suitable applicants who present themselves to our Immigration authorities. A certain number of Hungarian immigrants have already been cleared for movement to Canada, but it is impossible at this stage to predict what the total number to be accepted by Canada in 1958 will be.

5. We expect further developments in the near future. The Deputy Minister of the Department of Citizenship and Immigration, who has approved the text of this letter, will write to the High Commissioner for Refugees in reply to his message of June 24,† and we will mail to you a copy of his letter for your information.

G.B. SUMMERS
for Under-Secretary of State
for External Affairs

487. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 2, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

HUNGARIAN REFUGEES
(PREVIOUS REFERENCE MAY 10)

42. *The Minister of Citizenship and Immigration* reviewed the policy with regard to the admission of Hungarian refugees and recalled that recommendations had been submitted earlier in the year on which it had not yet been possible to reach a decision. The latest of these proposed the absorption of transportation costs for refugees sponsored by close relatives, provided the refugees were willing to accept travel arrangements made by the department and provided they arrived not later than December 31st, the maximum would be 3,500 refugees during 1958. The extension of the Assisted Passage Loan Scheme to those not qualifying for free transportation, if they met the usual requirements for loans, was also proposed.

In the meantime, conditions had changed and it had become increasingly urgent to reach decisions on the 1958 programme. Appeals had been made by the United Nations High Commissioner for Refugees and the Director of the Intergovernmental Committee for European Migration, amongst others, for Canada to assist in ending the Hungarian refugee problem before winter. There were still about 17,500 refugees in Austria, of whom 7,000 to 9,000 wished to emigrate. 200 in Ireland were in a desperate condition and had been trying to come to Canada for 18 months. Refugees in other European countries were becoming satisfactorily established except those who had been partially processed for emigration to Canada in 1957 and who were waiting for this year's movement. It was essential that the Hungarians coming to Canada this year be given an opportunity of becoming at least partially settled before winter. Also, transportation would have to be secured soon for passages in the next few months.

She felt that Canada should assist in the final solution of the Hungarian relief problem in Europe and, accordingly, recommended that her department admit and pay transportation costs for 3,500 sponsored and unsponsored refugees, visaed before September 1st, 1958, and that after that date, or when 3,500 were visaed, refugees be dealt with as ordinary immigrants.

An explanatory memorandum had been circulated. (Minister's memorandum, June 24, 1958 — Cab. Doc. 178-58).†

43. *During the discussion* the following points emerged:

(a) Of the 37,000 refugees that had arrived in 1956 and 1957, only 1,200 now were in need of special assistance and this number was falling rapidly. Only 400 or 500 had returned to Europe. This was an indication how extraordinarily successful this crash programme had been. Having regard to the unanimous view of the Conservative members when the programme first started, and for humanitarian reasons, it would be desirable to assist a further 3,500 refugees.

(b) It was argued, on the other hand, that Canada should not be expected to assume a larger share of the burden in view of the change in economic conditions since the autumn of 1956. It should be found out first what other countries had agreed to do, particularly the U.S.

44. *The Cabinet* deferred decision on the recommendation of the Minister of Citizenship and Immigration for payment of transportation costs for an additional 3,500 Hungarian refugees, pending the receipt of information as to what other countries, particularly the United States, were doing to assist in a final solution to the Hungarian refugee problem in Europe.

. . .

---

488. DEA/5475-EA-4-40

Le représentant permanent auprès du Bureau européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 621 Geneva, July 7, 1958

CONFIDENTIAL. PRIORITY.

Reference: Your Let V-271 Jun 26.

ADMISSION OF HUNGARIAN REFUGEES TO CANADA IN 1958

I cannot understand this letter, which appears to repudiate a statement which I was twice authorized to make to UNHCR. I will not say anything to him on basis of your letter until you tell me precisely what to say.

2. In Fortier's letter June 19 enclosed with your letter he says: "I wish you would clarify this situation with Mr. Wershof who apparently disclosed our estimated programme to the

High Commissioner for Refugees and, since then, it has been the cause of confusion in the mind of the High Commissioner and his staff." Of course I disclosed to Lindt what was said about the programme in your telegram C-113 February 27 because last paragraph thereof authorized me to do so. Furthermore, it is apparent from letter of February 24 addressed to you by Director of Immigration (enclosed with your letter C-94 February 28†) that the authority in your telegram C-113 was in turn given by Director of Immigration. The rebuke implicit in Fortier's quoted statement is completely unjustified and I resent it.

3. Your Telegram V-253 June 11 authorized me to tell Lindt inter alia that decision to admit 3400 Hungarian refugees in 1958 "has been confirmed." Now your letter V-271 says that this statement was not correct. I hope that some consideration will be given at a high level to the situation which will be created in the Canadian government's relations with UNHCR if a confirmation which your accredited representative in Geneva was authorized to give UNHCR is now to be repudiated.

[M.H.] WERSHOF

---

489. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 14, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Registrar of the Cabinet (Mr. Halliday).

. . .

HUNGARIAN REFUGEES
(PREVIOUS REFERENCE JULY 2)

9. *The Minister of Citizenship and Immigration* reported that the total number of Hungarian refugees being maintained by the Immigration Branch had declined steadily thus far in 1958, and at the end of June was only 791. As of the beginning of July, 36,541 Hungarian refugees had arrived in Canada some 400 had been repatriated, and 98 per cent of the remainder assimilated into the economy. About the same number had been taken by the United States and an announcement had been made by the U.S. government that visas would be issued to 3,300 Hungarian refugees in Austria and Italy.

10. *Mrs. Fairclough* said it might be considered that Canada had done enough, if not too much, in this matter. She suggested that Canada assist in the final settlement of the Hungarian refugee problem in Europe by offering to take one-third of the number that the U.S. were prepared to take, that is about 1,100 and that the Intergovernmental Committee for European Migration be so informed. About 3,500 refugees had made applications to come to Canada but some may have migrated elsewhere or changed their mind. A number had been already processed.

11. *During the discussion* it was thought that it would be best not to set a specific limit in numbers as the U.S. might take an additional amount. There would be criticism whether there was a limit or no limit. No announcement should be made, but, in reply to any questions, it would merely be said that Canada had offered to take up to one-third of what the U.S. had agreed to take.

12. *The Cabinet* agreed that the Department of Citizenship and Immigration be authorized to pay transportation costs of Hungarian refugees who were visaed before September 1st, 1958, up to one-third of the number which the United States had agreed to take, including both sponsored and unsponsored refugees, provided such persons accepted travel arrangements made by the department and, that, subsequently, Hungarian refugees be dealt with as ordinary immigrants who must provide for their own transportation through private means or the Canadian Assisted Passage Loan Scheme.

. . .

---

490. DEA/5475-EA-4-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Bureau européen des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to European Office of United Nations

TELEGRAM V-326 Ottawa, July 18, 1958

RESTRICTED. PRIORITY.

Repeat Permis New York, Washington, London, Vienna, Dublin (Information).

ADMISSION OF HUNGARIAN REFUGEES

Please inform UNHCR and Director of ICEM that Cabinet on July 14 gave consideration to the admission of Hungarian refugees and decided to admit "one third of what the United States have agreed to take." The cost of ocean and inland transportation for those admitted pursuant to this decision will as in the past be paid by the Canadian Government provided the Hungarian refugee accepts travel arrangements to be made by the Department of Citizenship and Immigration.

2. Necessary instructions to visa officers will be issued shortly by Immigration Branch.

3. There are to be included in this movement Hungarian refugees in Ireland.

491. DEA/5475-EA-4-40

Le représentant permanent auprès du Bureau européen des Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Representative to European Office of United Nations
to Secretary of State for External Affairs

TELEGRAM 695 Geneva, July 21, 1958

CONFIDENTIAL. PRIORITY.
Reference: Your Tel V-326 Jul 18.

ADMISSION OF HUNGARIAN REFUGEES TO CANADA

I must respectfully ask for more precise instructions before addressing a communication to UNHCR (and ICEM). USA decision (as given in Washington telegram 1541 July 3†) is to accept an additional 3300 Hungarian refugees, 3000 of them from Austria and 300 from Italy. Shall I therefore tell UNHCR that Canadian Government has now decided to accept 1100 Hungarian refugees during the remainder of 1958?

2. If that is correct, can I say anything about countries they are to come from (other than information in paragraph 3 of reference telegram). When I originally told UNHCR that Canada would accept 3400 Hungarian refugees in 1958 I gave him, pursuant to instructions, the breakdown of countries of asylum set forth in paragraph 2 of your telegram C-113 February 27. Lindt will certainly want to know whether the 1100 places (after deducting the correct current figure for Ireland) are to be used in Austria or where.

3. As I have previously told Lindt that Canada would accept 3400 Hungarian refugees in 1958 I need instructions on how the new decision is to be related to the former one. I am sure that Lindt will not dispute right of Canadian Government to change its decision but I submit that my letter to him must make some reference to what has gone before.

4. Lindt will want to know at what stage he may make public use of decision to accept 1100. What shall I tell him?

[M.H.] WERSHOF

---

492. DEA/5475-EA-4-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Bureau européen des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to European Office of United Nations

TELEGRAM V-330 Ottawa, July 22, 1958

CONFIDENTIAL. PRIORITY.
Reference: Your Tel 695 of July 21/58.

ADMISSION OF HUNGARIAN REFUGEES TO CANADA

We realize that our telegram V-326 did not contain all the information you would wish to have. The terms of Cabinet's decision were sent to us by the Deputy Minister of Citizenship and Immigration who requested that his message be passed to you verbatim. It contained all that we could say at the time.

2. We have referred your enquiries to Citizenship and Immigration and will send you a reply as soon as possible. In the meantime you might give Lindt the contents of our telegram V-326. It will be obvious to him that Cabinet's decision drastically alters the immigration plans of which he was previously advised. We assume that it will also have been clear to him all along that implementation of those plans was largely dependent on a Cabinet decision re transportation costs.

We hope to let you have soon information on the background to this matter.

---

493. DEA/5475-EA-4-40

Le représentant permanent auprès du Bureau européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 717 Geneva, July 25, 1958

CONFIDENTIAL

Reference: Your Tel V-330 Jul 22.

ADMISSION OF HUNGARIAN REFUGEES TO CANADA

I called yesterday on the High Commissioner for Refugees and gave him the contents of your telegram V-326 July 18. Following is an account of his lengthy remarks to me. Lindt was deeply distressed.

2. Lindt asked whether the contents of this telegram meant that Canada had definitely abandoned the decision to take 3,400 Hungarians in 1958 of whom 2,000 would come from Austria. I replied that this appeared to be so. Lindt expressed surprise at this decision recalling my letter May 13† and my letter June 12† in which I had told him that the decision to admit 3,400 in 1958 had been confirmed. Lindt's discussions in Ottawa in April were based on this figure and concerned particularly the 2,000 Hungarian refugees to be taken by Canada from Austria in 1958, a number which had been confirmed to him in the course of his discussions in Ottawa with Mr. Fulton, Acting Minister of Immigration, and Colonel Fortier. Lindt explained that in his negotiations with governments and in letters addressed to certain countries he had stated confidentially that Canada would take 2,000 more Hungarians from Austria in 1958. He had given this confidential information on the basis of my letter May 13 which said:

"... finally the Canadian authorities have asked me to inform you that they would prefer for the time being that no information be made public on the matter of the admission to Canada of Hungarian refugees during 1958 until a decision has been taken in respect of transportation arrangements for those refugees. Aside from this reservation the Canadian authorities would have no objection if you were to use the information confidentially as you may deem appropriate ..."

Lindt said that he had previously asked Mr. Fulton for the same authority which had been given to him.

3. The foreign ministers with whom Lindt had discussed the problem had expressed their appreciation of the very generous example Canada was once more giving to other

countries. This Canadian example was an important factor in obtaining the immediate availability of 3,300 visas for Hungarian refugees for the USA and the 150 Swiss visas.

4. Lindt had difficulty in understanding why Canada now decided to take a percentage of the USA intake particularly considering that the USA decision to issue 3,300 visas immediately was itself based on the previous Canadian decision which had been confirmed in my letter May 13. Lindt had never had an opportunity to use in his conversations with the USA the fact only communicated to him yesterday that the Canadian intake would be a proportion of the USA quota.

5. Lindt wondered on what basis the "one third of what the USA have agreed to take" would be calculated. Under Section 15 of the USA Immigration Law of 1957 the USA will take a total of 14,000 refugees. The recent USA decision meant only that 3,300 visas would be put at the immediate disposal of Hungarian refugees although it appears that the USA will use approximately 40 percent of the total refugee authorisation for Hungarians. This would mean a total figure of 5,000 to 6,000 Hungarian refugees.

6. Lindt asked whether the Hungarian refugees whom the Government had now decided to admit would be selected in Austria. In his discussions with Mr. Fulton and Colonel Fortier in Ottawa he had stressed that absolute priority should be given to Hungarian refugees in camps in Austria, a view which was shared by the Acting Minister of Immigration. Lindt expressed the hope that Canada would take all its refugees from camps in Austria since a dispersal of this number over several European countries would hardly alleviate the plight of the Hungarian refugees still in camps in Austria. He assumed that the selection criteria (inclusion of non-skilled workers and persons over 45 years of age) for the Hungarian refugees in Austria which were discussed with Mr. Fulton and Colonel Fortier would remain in force.

7. Lindt asked whether he understood the last paragraph of the communication correctly in thinking that from the total number of refugees to be taken by Canada would have to be deducted those from Ireland. These refugees had already been selected in Ireland in April. During the negotiations with the Acting Minister of Immigration and Fortier it was at no time contemplated that this figure would in any way influence the number to be taken from Austria which remained fixed at 2,000.

8. Lindt hoped that the Government decision would be interpreted in such a way that Canada would take in 1958 the promised 2,000 Hungarian refugees from Austria.

[M.H.] WERSHOF

---

494. DEA/5475-EA-4-40

Le sous-ministre de la Citoyenneté et de l'Immigration
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Citizenship and Immigration
to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, August 11, 1958

This refers to your letter of July 30th, 1958† attaching copy of Telegram 717 of July 25th from Geneva raising certain points regarding the admission of Hungarian refugees to Canada on which the United Nations High Commissioner for Refugees wishes further information.

The Cabinet has authorized this Department to pay the transportation costs of Hungarian refugees who are visaed before September 1st, 1958 up to one-third of the number which the United States has agreed to take. This is based on the announced United States decision to admit 3300 Hungarian refugees to that country and accordingly we will pay the transportation costs of 1100 Hungarian refugees provided they are visaed before September 1st, 1958. Please note this decision relates only to transportation. In our 1958 Immigration program this Department can select refugees as ordinary immigrants provided they meet the usual occupational and other requirements and can pay their own passage or qualify under our Assisted Passage Scheme. It is possible therefore, that more than 1100 Hungarian refugees will be admitted to Canada during 1958.

As you are aware, it has been decided to give priority to Hungarian refugees in Ireland and Austria in the provision of transportation at this Department's expense. It is expected approximately 175 Hungarian refugees will be moved from the Republic of Ireland at the expense of this Department and the Irish Red Cross and the remainder of the total of 1100 have been allotted to Austria. I expect this information has already been transmitted to Mr. Wershof in Geneva to correct the misapprehension caused by the CBC News Report of July 30th announcing that the 1100 refugees would be taken from Austria and Italy.

As regards the selection criteria to be applied in Austria you have already received copies of the Confidential Immigration Branch Instruction dated July 25th. In accordance with this Instruction unsponsored Hungarian refugees will be expected to meet the usual occupational, age and health requirements except that in Austria those who were processed in 1957 and who come within the 1100 priority figure will be accepted if they complied with the requirements in effect at the time of previous processing. You will recall that early in 1957 the requirements for Hungarian refugees in Austria were less rigid in several respects.

I have already written Dr. Lindt informing him of the Government's decision. I might also point out that in reply to Telegram No. 566 dated June 24th† from Geneva I wrote Dr. Lindt on June 25th advising him that there seemed to be some misunderstanding of our 1958 plans for the admission of Hungarian refugees. I told Dr. Lindt that as I had explained to him during his visit to Ottawa the figure of 3400 Hungarian refugees was neither a quota nor an objective but merely an estimate used for administrative planning purposes. I emphasized that we were awaiting the Government's decision on the selection criteria to be used for Hungarian refugees in 1958 as well as for a decision on the question of our continued payment of transportation for these refugees. In the circumstances I am surprised at the statement attributed to Dr. Lindt in paragraph 8 of Telegram No. 717 to the effect that Canada had promised to take a specific number of Hungarian refugees.

I appreciate that the use of certain figures in our planning may have given rise to the hope that the Government decision would confirm these plans and while the decision may be disappointing it is the executive direction under which we must work and nothing will be served by debating the matter further.[6]

LAVAL FORTIER

---

[6] Des demandes répétées de la part des fonctionnaires des Affaires extérieures n'ont pas réussi à persuader le ministère de la Citoyenneté et de l'Immigration d'étudier la possibilité de fournir du transport gratuit à d'autres réfugiés hongrois en 1958. Voir la communication du sous-ministre de la Citoyenneté et de l'Immigration au sous-secrétaire, 27 octobre 1958, MAE/5475-4-40.

Repeated requests from External Affairs officials could not persuade the Department of Citizenship and Immigration to consider providing free transportation to additional Hungarian refugees in 1958. See Deputy Minister of Citizenship and Immigration to Under-Secretary, October 27, 1958, DEA/5475-4-40.

2e PARTIE/PART 2

TRÉSORS ARTISTIQUES POLONAIS
POLISH ART TREASURES

495. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusion

SECRET [Ottawa], May 6, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

POLISH ART TREASURES

4. *The Prime Minister* reported that the Chargé d'Affaires of the Polish Legation had asked to see him that afternoon to discuss the question of Polish art treasures now held in Canada. He thought the general feeling was that Canada should restore part of the treasures. This would certainly result in an improvement of relations with Poland. The major part of the treasures were in the Quebec Museum in Quebec City and out of the control of the Federal government. There were, however, two trunks stored in the Bank of Montreal in Ottawa. The treasures were said to include a mace, sceptre and other symbols of past regal authority in Poland. There had been two co-depositors of these trunks, a Mr. Zaleski, who had returned to Poland where he later died, and a Mr. Polkowski who was living in Ottawa. The Polish authorities have secured from the heirs of Mr. Zaleski a document disclaiming any personal interest in any of the treasures, in as much as Mr. Zaleski was acting as a custodian employed by the Polish state. The Bank of Montreal had said that provided Mr. Polkowski would be ready to sign a release, the bank would be ready to release the treasures if the documents met with its approval. There was some doubt, however, that Polkowski would sign the release, since he was thought to be under the influence of the former royal government in exile, which for reasons of prestige was opposed to the return of the treasures to Poland. The bank, on the other hand, had indicated that they would be ready to release the treasures provided the Canadian government agreed

to indemnify the bank against loss, claim, or expense which it might suffer by reason of such action.

There was a possibility that, unless the government was willing to take some action concerning these trunks, Poland would bring up the matter at the United Nations. The Catholic Church in Poland was said to support the proposal that the treasures be returned.

5. *During the discussion* the following points were raised:

(a) Since the war, the Canadian government had taken the position that the dispute was one between the Polish government and its own citizens, that Canada had assumed no responsibility for the treasures, and that the present government of Poland could have recourse to the Canadian courts if it so wished. It might be suggested to the Polish representative that he take up this matter with the Bank of Montreal, and if the bank were not willing to give up the treasures, the matter should be referred to the courts. On the other hand, the Polish government regarded it as humiliating that it should go to the courts.

(b) There was no question that the Canadian government recognized the present government of Poland. It might, therefore, be argued that the treasures, being the property of the State of Poland, should be returned to Poland. On the other hand, it seemed clear that the Canadian government had no authority to take any disputed property and deliver it to the one it might think was the rightful owner.

6. *The Cabinet* noted with approval that the Prime Minister proposed, in his discussion of the Polish art treasures with the Chargé d'Affaires of the Polish Legation, to indicate that the Canadian government preferred that the Polish government should secure the release of the treasure deposited with the Bank of Montreal by action in the courts, rather than by the intervention of the government of Canada.

. . .

496. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 20, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees) (for morning and noon meeting only),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough) (for morning and noon meeting only),
The Minister of Fisheries (Mr. MacLean) (for morning and noon meeting only),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

POLISH ART TREASURES
(PREVIOUS REFERENCE MAY 6)

19. *The Secretary of State for External Affairs* said that Poland had again sought the return of the two trunks of treasures stored in the Bank of Montreal in Ottawa. The Polish government wished to settle the question by negotiation. However, this decision had led to criticism because the Polish Parliament and public were impatient. The Polish authorities had argued that no action could be expected in Canada until after the election. They had now concluded, though, that the Canadian government could, if it wished, take the necessary steps to bring about the release of the treasure in the bank. If a decision were not taken now, Poland would conclude that no solution could be reached through negotiation and that another approach would have to be considered.

The two major alternative avenues for the Poles were to take the matter either to the United Nations General Assembly (or one of the U.N.'s specialized agencies) or to the International Court of Justice. In either case, the action proposed would presumably involve asking for the return of all the treasures, including those in the provincial museum in Quebec. The U.N. approach, while it could be extremely embarrassing, would be less effective than going to the International Court. In so far as the court was concerned, while

Canada would not be obligated to accept its jurisdiction, the consistent support of the court in the past by Canada would make it difficult to refuse consent.

In the past it had been suggested that the Poles take their claim to the Canadian courts. Apart from doubt as to whether the Statute of Limitations in Ontario and the corresponding provision of the civil code in Quebec would rule out civil proceedings, the Polish government had many times made it clear that it was not prepared to submit to the jurisdiction of a Canadian court. Therefore, failing action to secure the treasures from the Bank of Montreal, a Polish reference to the International Court could be expected. There was a possibility that Poland might undertake to indemnify the Bank of Montreal, but the bank might well be unwilling to release the treasures on only this assurance.

The Minister recommended that all the possibilities be exhausted for securing the return of the two trunks without Canadian government interference. He outlined the steps that might be taken in this regard. If these failed, he proposed that an indemnity agreement be concluded with the Bank of Montreal.

An explanatory memorandum had been circulated. (Minister's memorandum, May 13, 1958 — Cab. Doc. 121-58)†

20. *Mr. Smith* added that a note from the Polish government on this matter was on its way from the Canadian chargé d'affaires in Warsaw.

21. *The Prime Minister* said he had informed the Polish chargé d'affaires that the Canadian government would do everything it could to expedite court proceedings if it was the desire of Poland to proceed in a Canadian court. However, the Polish chargé d'affaires had said that his country would not take the matter to court here. Mr. Sieradzki had told him that Poland wanted to be more independent and more friendly to Canada, but that Canada's retention of the treasures was evidence that the "free world" did not regard the present Polish government as trustworthy. If the Poles were to take the matter to the International Court, the reaction would be anything but favourable.

22. *Mr. Smith* said the U.N. Secretary-General had told him, on a personal basis, that he was trying to encourage the Poles to adopt the same general attitudes as Yugoslavia, and it would be helpful if Canada could release these treasures which had such great symbolic value to the Polish people.

If the Poles were able to obtain the trunks in Ottawa, Mr. Smith understood they would not press just now for the return of the treasures in Quebec and of that small part of the collection which was at Killaloe in Ontario. What would worry him most was the possibility of Poland raising the matter in the United Nations. He had tried to explain to Mr. Hammarskjöld what property and civil rights meant in Canada, but while the Secretary-General had been sympathetic, he had also said we would have difficulty in persuading others of the workings of this concept.

23. *During the discussion* the following points emerged:

(a) Any court would regard those who had deposited the trunks as trustees for the Polish government, and there was no doubt about the principle of state succession.

(b) If the Canadian people had any responsibility in this matter it would be inexcusable to deny the lawful state in succession the right to that to which it was entitled.

(c) It would be advisable to approach unofficially the remaining co-depositor, Mr. Polkowski, now resident in Canada, to find out if he would sign a release and, also, to find out definitely the attitude of the Bank of Montreal on any proposed indemnity arrangements.

24. *The Cabinet* noted the reports of the Prime Minister and the Secretary of State for External Affairs on discussions with the chargé d'affaires of the Polish legation regarding the Polish art treasures in Canada, and agreed,

(a) that Mr. Polkowski, the remaining co-depositor of the trunks in the Bank of Montreal, be approached unofficially by a junior official of the Department of External Affairs to ascertain if he would sign a statement authorizing the Bank of Montreal to release them to the Polish legation; and,

(b) that the Minister of Finance enquire of the Bank of Montreal whether it would be willing to release the trunks if indemnified by Poland, or by Canada.

. . .

497. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 2, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

POLISH ART TREASURES
(PREVIOUS REFERENCE JUNE 6)†

29. *The Secretary of State for External Affairs* reported on the action taken respecting this problem since it was last discussed. All possible courses which might have permitted the return of the two trunks in the Bank of Montreal to the Polish authorities, without the intervention of the Canadian government, had been investigated, and none had proved

feasible. He had decided, therefore, to recommend that the government direct the Bank of Montreal to return the trunks to the Polish government through their Legation here. This gesture might be of some help to Premier Gomulka in withstanding Russian pressure. Possible deterioration of the manuscripts could be used as an answer to any criticism of this action. He recommended that if the Polish authorities agreed they would not hold the Canadian government responsible for any damage the treasures might have suffered and also agreed to hold the government harmless from any claims on the part of other owners of any objects in the trunks, an indemnity agreement be made with the Bank of Montreal.

An explanatory memorandum had been circulated. (Minister's memorandum, June 24, 1958 — Cab. Doc. 175-58).†

30. *Mr. Smith* added that he was quite satisfied that the treasures in the trunks in the Bank of Montreal belonged to the government of Poland. Although Gomulka had recently made a statement in support of the attitude of the U.S.S.R. on the Hungarian executions, evidence existed that he had been forced to do this by the Soviet authorities.

31. *The Minister of Justice* said there were issues of both a political and legal nature in this matter. If the proposal recommended were agreed to, the Poles might then say that, since the government had assumed an obligation with respect to the two trunks owned by the Bank of Montreal, it also had an obligation to ensure that the treasures in the hands of the government of Quebec were likewise returned. This immediately would become a serious question in the government's relations with Quebec. On the other hand, if the government were to wait for a judgement from the International Court, stating that the treasures were clearly Polish property, then the government would be in a much better position to demand that all the treasures be returned. On legal grounds, he was worried about the government becoming involved, because it had never agreed to act as a trustee and had never had any interest in the treasures. Notwithstanding these arguments and the likelihood of misrepresentation, he thought the return of the two trunks now could probably be justified and, on balance, he felt the recommendation should be accepted.

32. *During the discussion* the following points emerged:

(a) The argument, that, by acting on the two trunks the government might then be forced to assume responsibility for the remainder of the treasures in Canada, while technically correct, was pretty thin. In practice, if the government of Poland agreed in writing not to press for the return of the remainder of the treasures in Canada, on the understanding that the two trunks in Ottawa would be returned, the Canadian government would be relieved of all further responsibility. Such an agreement would be binding on future Polish governments. The Polish authorities would still be free to go to the Canadian courts in regard to the treasures in Quebec and elsewhere.

(b) The government had no responsibility for the treasures. Acting in the manner proposed would be seriously resented in Quebec, and by a large body of new Canadians who now supported the government. This was another case where the government would be leaving itself open to serious criticism. Nothing should be done at this time.

(c) It was argued, on the other hand, that Canada recognized the present Polish government and it was agreed the treasures belonged to that government. Surely they should be returned. This was a matter of international relations, a federal responsibility, and should be decided with those interests in mind.

(d) A decision to do nothing would discredit Canada in the United Nations and elsewhere.

33. *The Cabinet* noted the recommendations of the Secretary of State for External Affairs for the return to Poland of the Polish art treasures now in the custody of the Bank of

Montreal in Ottawa and decided that the request should be turned down on legalistic grounds.

. . .

498. DEA/837-40

Note du chef de la Direction européenne pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, European Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 29, 1958

POLISH TREASURES — MINISTER'S CONVERSATION WITH THE POLISH CHARGÉ D'AFFAIRES

The Minister called in Mr. Sieradzki, the Polish Chargé, on Monday July 28, to advise him officially of Cabinet's decision on July 2 against Government action to effect the release of the trunks in the Bank of Montreal to the Polish authorities. The Minister told the Chargé that this decision was based on the legal ground that the Canadian Government had no authority for directing the bank to turn over the trunks to someone of its designation. It was for the Polish authorities to establish their right to the trunks by reference to the Canadian courts. The Minister said he personally regretted that it was not possible for the Canadian Government to take a decision to intervene in this matter but that the Cabinet had been unanimous in the position adopted. No mention was made of any possibility of a different decision being taken at any future time. Mr. Smith concluded by quoting the statement made by Mr. St. Laurent in the House of Commons in 1957.[7]

In replying to the Minister, Mr. Sieradzki said that in view of the grounds on which the Canadian Government decision was explained, there was nothing for him to add since the Polish Government's position had been frequently and fully explained. He asked whether the Minister's message was to be taken as a reply to the Polish memorandum of May 17,† to which the Minister replied in the affirmative, adding that a written reply would also be sent.[8]

The Polish Chargé said he wished to draw attention to the fact that the Polish authorities had shown restraint and patience, particularly over the last 18 months, in the hope that this would help the Canadian Government to find a solution to this problem, and they had shown, in the Polish view, willingness to do what they could to find a formula which would permit a practical solution in the face of the irreconcilable principles maintained on each side.

Mr. Sieradzki went on to say that since he had received the informal indication of the decision by the Prime Minister, his Government had had the opportunity to send him instructions to say to the Canadian authorities on this occasion that the Polish Government feel the Canadian Government do not appreciate the serious effect which this decision would have on Polish-Canadian relations. Mr. Smith reacted immediately with the observation that he hoped this was not to be considered as a threat. The Chargé explained that this, of course, was not the case. He was simply acting on the instructions of his Government to explain to the Canadian authorities the effect which their decision would have on Polish-Canadian relations. Mr. Smith observed that this was for the Polish Government to decide.

---

[7] Voir Canada, Chambre des Communes, *Débats*, 1957, volume II, pp. 1377 à 1378.
See Canada, House of Commons, *Debates*, 1957, Volume II, p. 1319.

[8] Note marginale :/Marginal note:
We are preparing this now. [Henry Davis]

In a subsequent conversation with me, the Chargé gave no hint of what action his Government might now take, although a publicity campaign criticizing the Canadian Government's decision not to intervene will undoubtedly be included.

HENRY F. DAVIS

---

499. DEA/837-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 22, 1958

POLISH ART TREASURES

In your absence there have been a number of encouraging developments with regard to the Polish art treasures in the Bank of Montreal. I believe you have already read the relevant memoranda and are informed of what has happened.

It has occurred to me that the Prime Minister might wish to be told about these developments. I have accordingly prepared for your signature, if you approve, a memorandum summarizing the main facts.

N.A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL

POLISH ART TREASURES

In the next couple of days there may be certain developments with regard to the two trunks of Polish art treasures in the Bank of Montreal which could lead to the solution of this problem.

Late in November visa applications were submitted in Warsaw for four Polish professors to come to Ottawa "to inspect the treasures in the Bank." In my absence from Ottawa, Mr. Fulton approved the issuing of these visas. One of the four professors was officially designated by the Polish authorities, on the basis of the power of attorney of the deceased Mr. Swiesz-Zaleski, as a co-depositor. The second co-depositor, Mr. Polkowski, who lives in Ottawa, had indicated that he would co-operate in inspecting the trunks.

At this point, the Bank of Montreal, acting on the advice of its solicitors insisted, before permitting the inspection, on the Polish Government giving written agreement to stringent conditions which would have released the Bank from all liability in the past and in the future for the trunks and their contents. In view of our interest in facilitating a solution of this problem, Mr. Fulton asked Mr. Fleming to express to the Bank of Montreal our hope that the Bank, while safeguarding its legal position, would be as accommodating as possible. This intervention appears to have been successful, and the Bank and the Polish authorities have since reached agreement. The inspection of the trunks is to take place tomorrow morning, December 23. Mr. Polkowski has said he will be present, though he has already postponed the inspection by one day and the Polish Chargé d'Affaires fears a further delay. The Chargé has indicated that, if Mr. Polkowski does not appear tomorrow at the Bank, the professors will sign a statement ascribing responsibility to Polkowski for failure to inspect the trunks and return immediately to Poland.

The four professors are distinguished men in their field and are by their own acknowledgment not communist. One of them knew Polkowski in the past. It appears that they and an intermediary, the distinguished Polish emigré pianist, Malcuzynski, have persuaded Polkowski and his superior in Canada, a Mr. Zurowski, to recommend to their principals in London — the Government in exile — that, if they find any of the items in the trunks in need of preservation, Polkowski be authorized to release the trunks to the Polish professors. If this recommendation is approved, there is a possibility that the problem of the two trunks in the Bank would be solved.[9]

The only other development on which you should be informed concerns the attitude of Cardinal Wyasynski. He stated privately in Rome to Cardinal Léger and subsequently to our Ambassador, Mr. Mayrand, that he favours the return of the treasures to Poland and that he would take up the matter in Warsaw to determine whether he could do anything through Church channels.

3^e PARTIE/PART 3

VISITES OFFICIELLES
OFFICIAL VISITS

500. DEA/12230-40

Note sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Acting Secretary of State for External Affairs

SECRET [Ottawa], June 25, 1957

EXCHANGE OF VISITS WITH COMMUNIST COUNTRIES

Up to the events of last October and November in Hungary, exchanges of official and unofficial visits between Canada and the Soviet bloc had been taking place at an increasing rate. In common with other NATO countries, we decided, after the Soviet intervention in Hungary, to suspend exchanges of visits with the Soviet Union, and to examine any proposed with the satellites on their merits. Since then, only one Soviet visit has been received.

---

[9] Le 7 janvier 1959, Polkowski a autorisé la Banque de Montréal à remettre les deux malles aux fonctionnaires polonais en visite.

On January 7, 1959, Polkowski authorized the Bank of Montreal to release the two trunks to the visiting Polish officials.

2. Your predecessor in office agreed to a suggestion in a memorandum of April 17[10] to him that we might, again in concert with other NATO countries, give thought to a slow and cautious resumption of exchanges of visits with the Soviet Union. It was proposed that the first exchanges should be as small and inconspicuous as possible, and that we should give careful thought to accepting only the most advantageous, from our point of view, of a large range of Soviet proposals. I think that, apart from other more obvious advantages to be gained from them, visits between East and West provide us with our best means of encouraging in the Soviet Union and satellites the kind of public opinion which might eventually modify the régimes of those countries, and of exploiting the strains which are now evident in Eastern Europe.

3. After the former Minister indicated his agreement to a cautious resumption of visits, the Interdepartmental Panel on the Exchange of Visits with Communist Countries met on June 5. This Panel, of which the Under-Secretary is Chairman, and of which the members are Deputy Ministers of government departments interested in exchanges of visits, discussed the visits which have been proposed by both sides, and concluded that we should give priority to a Soviet agricultural visit this summer, and, next year, to a visit to the Soviet Union of Canadian delegations interested in ice-breakers and meteorology. The Panel agreed that we should grant the Soviet request to send nine men to study wheat and other agricultural subjects for forty-five days, and the Department of Agriculture considers that for technical reasons this delegation should arrive at the end of July or early August. The Department of Transport does not wish to arrange visits to the Soviet Union concerning ice-breakers and meteorology until 1958, although a visit by ice-breaker specialists might be possible this autumn.

4. The Department of Northern Affairs and National Resources wishes to arrange an official visit to the U.S.S.R. of a delegation interested in northern administration and development. Several other departments and agencies of Government may wish to participate in such a visit. The Panel agreed to set up a sub-committee, consisting of interested members, to draw up detailed plans. The object of such a visit would be to further the exchange of visits and information concerning the North through a formal governmental approach to the Soviet authorities. The Panel thought that the delegation might be headed by a cabinet minister, that it would go to Moscow in the spring of 1958, and that after its arrival it would present to the Soviet Government a suitable communication on further exchanges of visits and information concerning the Arctic regions.

5. The Panel agreed that we should recognize the special status of Poland among the satellites, and that we should, in principle, be relatively forthcoming in our policy of exchanges with that country. We are giving thought to a Polish request to send a number of professors and students to study forestry in Canada.

6. I would appreciate your comments on these proposed arrangements. The only proposal that calls for early decision is set forth in paragraph 3. Indeed, if we are to receive a Soviet agricultural delegation this summer, action must be taken without delay.[11]

J.W. HOLMES

---

[10] Voir/See Volume 23, Document 519.

[11] Le Cabinet a approuvé la visite de la délégation agricole soviétique le 31 juillet 1957. Cette délégation est arrivée au Canada en septembre 1957.

Cabinet approved the visit of the Soviet agricultural delegation on July 31, 1957. This delegation arrived in Canada in September 1957.

501. DEA/12230-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], February 6, 1958

The Soviet Ambassador, Mr. Chuvahin, called on the Minister this afternoon on instructions to leave the attached memorandum† entitled "Measures for Increasing Cultural Exchanges between the U.S.S.R. and Canada."

2. The Minister took the opportunity of explaining to the Ambassador in all frankness that for purely domestic political reasons the Canadian authorities would wish to move slowly on cultural and scientific exchanges for the next two months but that this should not be interpreted to mean a change in the attitude expressed by the Prime Minister in his letter to Mr. Bulganin.[12] If the Conservative Government was returned, it would continue to favour expanded cultural contacts but pressure from the Soviet side on these matters during the pre-election period would be embarrassing. The Minister hoped that Mr. Chuvahin would make it clear to his Government that any postponements, as in the case of the artists' exchange, did not indicate a negative attitude but merely reflected the exigencies of the current domestic political scene. The Ambassador said that he understood and would do so.

3. Mr. Chuvahin wondered if later on we might wish to consider the possibility of a cultural agreement such as had recently been concluded in Washington.[13] The Minister said that personally he was inclined at present to favour *ad hoc* arrangements; with a formal agreement there was a tendency to consider proposals on the basis of how they fitted into the terms of the agreement rather than on their individual merits. He noted that we had not been in the habit of entering into formal cultural agreements and, in fact, had only one — which was not working. He cited some of the exchanges we have had during recent months as very successful. The Ambassador heartily agreed.

4. Mr. Chuvahin inquired whether there would be any objection to continuing during the next two months quiet discussions between Embassy and Department officials of various proposals from either side for future exchanges, such as those outlined in the memorandum he had brought with him. On the contrary, the Minister replied; he hoped that the Ambassador and his staff would always feel free to discuss such matters with the Department officials.

J.B.C. W[ATKINS]

---

[12] Voir/See Document 513, note 38.

[13] Voir/See United States, Department of State, *Bulletin*, Volume XXXVIII, No. 973, February 17, 1958, pp. 243-247.

502. DEA/12230-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], April 18, 1958

EXCHANGE OF VISITS WITH COMMUNIST COUNTRIES

The exchange of visits between Canada and the countries of the communist bloc has developed considerably since 1956. In view of the experience of the past two years it must be anticipated that we shall have to give thought to a considerable number of proposals for the exchange of visits between Canada and the communist bloc in the course of any one year.

2. You will recall that the Prime Minister, in his reply of January 18, 1958 to Mr. Bulganin's letter of December 13, 1957, expressed the willingness of the Canadian Government to develop the exchange of visits with the U.S.S.R.

3. You will also recall that the Soviet Ambassador has twice raised this matter with you since last January. On several occasions the Soviet authorities have made it clear that they regard our policy on the exchange of visits as less than satisfactory and have sought to associate this with the development of trade with Canada, including the purchase of wheat. The Soviet Ambassador may refer to this question when he calls on you tomorrow morning.

4. On our side, there are now outstanding a number of major proposals for official exchanges with the U.S.S.R., and the interested departments of the Government are very anxious to implement these exchanges, which are in the Canadian interest, as soon as possible.

5. In view of these considerations, I think that it is highly desirable that Cabinet review the whole question of our policy on exchanges with the communist bloc as soon as possible. Attached for your approval is a memorandum† for the Cabinet which outlines a suggested policy.

J. L[ÉGER]

503. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], June 19, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration
  and Acting Minister of Labour (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

EXCHANGE OF VISITS WITH THE U.S.S.R.

17. *The Secretary of State for External Affairs* said that in view of the growing interest in exchanges with the U.S.S.R. it must be expected that a relatively large number of proposals would have to be considered each year. He considered it highly desirable that, in order to avoid the necessity of referring each of these proposals to Cabinet, a general policy on exchange of visits be approved. Among the specific proposals now outstanding were ones concerning northern affairs, icebreaker construction, meteorology, mining and metallurgy, and fisheries, all of which were summarized in the document which had been circulated.

To enable the Canadian government to maintain some measure of control of official and private exchanges, an interdepartmental panel on the exchange of visits with the Soviet Bloc had been set up in February, 1956. It had been found that this provided a convenient mechanism for rapid consultation and for administration of exchanges at the official level in accordance with the instructions of the Cabinet. He recommended that this machinery continue to be used and he would undertake to consult the minister most concerned with the projected visit on receipt of a report from the panel.

As far as the exchange policy was concerned, he thought that,

(a) Exchanges with the communist bloc as a whole should be reciprocal, although not necessarily reciprocated in identical fields, and a marked imbalance in either direction ought to be avoided. Official exchanges ought to be limited in number in any one year, and prior consideration should be given as far as possible to exchanges which were primarily in the Canadian interest. Official delegations should be limited in size, and the Canadian government ought not to approve any exchanges which were sponsored by communist or communist-dominated organizations in Canada.

(b) Proposed exchanges with the communist states of the Far East and with the Soviet satellites should be considered on their merits. On exchanges with Poland and Yugoslavia, the government should be as forthcoming as possible, in order to weaken the ties of these countries with the Soviet bloc and to increase their political and commercial links with the west.

(c) As soon as possible, the Canadian proposals for official exchanges with the U.S.S.R. should be presented to the Soviet Embassy and a programme worked out to implement these and the Soviet proposals over the next one to two years.

(d) The panel should be retained as presently constituted.

An explanatory memorandum had been circulated, (Memorandum, Secretary of State for External Affairs, April 18, 1958 — Cab. Doc. 101-58).†

18. *During the discussion* the following points were raised:

(a) It was not intended to give any publicity to the proposed policy.

(b) In view of recent happenings in Hungary, it was unlikely that there would be a large volume of visits during the next year.

(c) There was no doubt that some value could be derived from visits to the U.S.S.R. The group of Canadian businessmen who had been there recently[14] had indicated that those interested in metallurgy had found the U.S.S.R. was far in advance of North America. Others had learnt a great deal about construction and uses of cement not known in the United States or Canada. The Russians also appeared to have developed advanced methods in flour milling. Members of the delegation, while not under constant surveillance, were under observation.

(d) There was some feeling in business circles that Canada should do all it could to send representatives to China. Chinese apparently were being treated with great disrespect when visiting the U.S.S.R.

(e) Consideration must be given to visitors to Canada from Russia who might wish to defect during their visit here. It was felt that the only thing to do was to take a chance on whether the person was a genuine defector, a cover or a plant, and that the person should be allowed to remain here so as to obtain the propaganda advantage. It would be fairly easy in any event to keep an eye on such persons.

(f) There was some feeling that Russian diplomats should not be given the right to visit all areas in Canada, even apart from defence installations, in view of the fact that Canadian diplomats in the U.S.S.R. were very restricted in their movements.

19. *The Cabinet* approved the recommendations of the Secretary of State for External Affairs, as set out in the circulated document (Cab. Doc. 101-58), in connection with the policy to be applied to the exchange of visits with communist countries.

. . .

---

[14] Une délégation de gens d'affaires canadiens avait visité l'Union soviétique en mai 1958.
A private delegation of Canadian businessmen had visited the Soviet Union in May 1958.

504. DEA/12230-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 22, 1958

EXCHANGE OF VISITS WITH THE USSR

On several occasions during the past year the Soviet Ambassador has pressed the Department to draw up a list of proposed exchanges, and indeed has proposed a cultural agreement.

You will recall that on June 19th Cabinet approved our submission of April 18th on the exchange of visits with the U.S.S.R., and that this submission outlined a number of exchanges which had been proposed by various departments of the Canadian Government.

At a meeting of the Visits Panel on August 15th these proposals were discussed and the interested departments were asked to report on the state of their respective plans.

The attached Note has been prepared on the basis of those reports. It outlines the exchanges which the Canadian Government wishes to initiate and those Soviet proposals which it is prepared to entertain over the period of the next year to eighteen months. The phrasing of the penultimate paragraph of this Note is intended to discourage Soviet interest in a cultural agreement, at least at this stage.

If you approve, we shall transmit this as soon as possible to the Soviet Embassy.[15]

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

NOTE NO. 35 Ottawa, August 19, 1958

The Department of External Affairs presents its compliments to the Embassy of the Union of Soviet Socialist Republics in Ottawa and has the honour to refer to the question of the exchange of visits between Canada and the Soviet Union about which the Soviet Ambassador has made representations to the Department during the past year.

The Canadian Government has given full consideration to this question and desires to propose a number of official exchanges between Canada and the U.S.S.R. as set forth below.

(a) The Canadian Government proposes an exchange of official delegations in the field of northern affairs. A group of about 12 Canadian Government officials who are interested in various aspects of northern affairs, and who would be headed by the Minister of Northern Affairs and National Resources, would tour the Soviet North for one month in the late summer of 1959. The delegation would visit the European North and the northern regions of Western, Central and Eastern Siberia and of the Soviet Far East. It would wish to meet Soviet officials and to study Soviet practices in the fields of research, development, exploitation and administration, and to examine the possibilities of the further exchange of information and of visits by specialists in various aspects of northern affairs.

---

[15] Note marginale :/Marginal note:
I concur. S.E. S[mith]

(b) The Department of Transport wishes to arrange an exchange of specialists in ice-breaker design. A Canadian delegation of two to three persons would visit the U.S.S.R. in early 1959 to study the design and operation of ice-breakers, including those which use nuclear fuel. The approval by the Soviet authorities of this proposal was conveyed to the Department in November 1956, but, for various reasons, the implementation of this exchange was deferred.

(c) The Department of Fisheries wishes to arrange an exchange of fisheries experts. A Canadian delegation of about six officials would visit the U.S.S.R. for about two months in June-July, 1959 to study various aspects of Soviet fisheries in various regions of the U.S.S.R.

(d) The Department of Mines and Technical Surveys wishes to arrange an exchange of experts in the fields of mining and metallurgy. A Canadian delegation of about twelve persons, consisting of government and industrial officials, would go to the U.S.S.R. in the spring of 1959 and would wish to visit various Soviet mining, refining, and research centers. This exchange would not duplicate that in the field of nickel production which is being arranged by the Engineering Institute of Canada.

(e) The Associate Director of the National Gallery of Canada would like to visit the Soviet Union during the period mid-September to mid-October, 1958, to visit various Soviet museums, including the Hermitage, to meet Soviet officials in the field of fine arts, and to discuss further exchanges in this field.

The Canadian Government has given full consideration to the list of proposed exchanges which is dated August 1, 1958,† and which was left with the Department by the Soviet Ambassador. The National Research Council is prepared to consider exchanges of delegations of scientists of six to eight persons for up to three weeks in the fields of chemistry, physics, biology, mathematics, and technology; to consider the exchange of two leading scientists to lecture in fields of interest in Canada and in the Soviet Union; and to consider an exchange of two scientific workers for a period of nine months. It will be appreciated if the Soviet Embassy will inform the Department of External Affairs of the details of these proposals.

In view of the fact that Canada is not essentially a producer of antibiotics, the Department of Health and Welfare regrets that it would serve no purpose for a Soviet delegation in this field to visit Canada. It is suggested that Soviet interest in this respect might be more profitably served by a visit to the major producing countries.

The Department of External Affairs has transmitted the invitation of the Soviet authorities for a Canadian hockey team to play a series of games in the U.S.S.R. in November-December, 1958 to the Canadian Amateur Hockey Association, and will inform the Embassy of the Association's reply to this invitations as soon as this has been received.

The Canadian Government looks with favour on the interest of the President of Trans-Canada Airlines in arranging a visit to the Soviet Union during 1959 to exchange information on civil air transport and to explore an exchange of air traffic rights with the Soviet civil air authorities.

The Canadian Government is prepared to receive reciprocal visits by Soviet delegations in fields of northern affairs, ice-breaker construction, fisheries, mines and technical surveys, science, civil air transport, and fine arts, after the Canadian visits to the U.S.S.R. have taken place.

The Department of External Affairs considers that an exchange of lists of proposals, such as the list dated August 1 which the Soviet Ambassador recently left with the Department, and the list contained in this Note, will help the Canadian and Soviet authorities to plan and to develop the exchange of visits between Canada and the U.S.S.R.

It would be appreciated if the Soviet Embassy would inform the Department as soon as possible of the reaction of the Soviet authorities to the above proposals. If the Soviet Government agrees to these, the Department will then begin to discuss the details of each proposal with the Embassy.

4ᵉ PARTIE/PART 4

CONTRÔLES DES EXPORTATIONS DE MATÉRIEL STRATÉGIQUE EXPORT CONTROLS OF STRATEGIC MATERIALS

505. DEA/11045-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, July 16, 1958

STRATEGIC CONTROLS ON TRADE WITH COMMUNIST BLOC

Meeting of the Consultative Group in Paris, July 18 and 19

As you know, the representatives of the countries [which are] members of COCOM (NATO countries excluding Iceland, but including Japan) have been meeting for some six months in Paris for the purpose of reviewing the multilateral control system applied to trade in strategic commodities with countries of the Communist bloc. Some progress has been made and agreement has been reached on a revision of the criteria on the basis of which the lists of commodities to be controlled are established. The difficulty, however, has been that there remains serious and rather extensive disagreement on the interpretation of the criteria and hence on the commodities which are to be maintained on the control lists; in particular the United States has not been willing to accept a substantial number of the proposals, including the Canadian proposals for deletions from the control lists.

The Consultative Group, which is the policy body of COCOM is, therefore, meeting later this week in Paris to try and resolve the difficulties. Mr. Wilgress will be heading the Canadian group.

I attach two memoranda prepared for the Minister of Trade and Commerce by his Department. The essence of these memoranda is, I think, summarized in what I have said above. I would draw your attention to page 6 of the first memorandum which summarizes the instructions to the Canadian Delegation. I would also call your attention to pages 2 to 4 of the second memorandum, which summarizes the state of the negotiations, at the conclusion of the review conducted by COCOM, on the basic metals and minerals which are our main concern and on which, as you will remember, you have received representations from Canadian producers.

I shall, of course, inform you of the results of the Consultative Group meeting, which is bound to be a rather difficult one. It is quite unlikely that final agreement will be reached in a two-day meeting and that the differences of view and attitude which separates, generally speaking, the United States from the rest of the COCOM membership, will not be easily resolved. For the moment it is difficult to see what kind of compromise might emerge in the end.

D.V. LEP[AN]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note pour le ministre du Commerce

Memorandum to Minister of Trade and Commerce

SECRET [Ottawa], July 10, 1958

MEETING OF THE CONSULTATIVE GROUP IN PARIS,
JULY 18TH AND 19TH

COCOM Review

Canada cooperates with her NATO partners (excluding Iceland) and with Japan in a multilateral control system applied to trade in strategic commodities with countries of the Communist bloc. The coordinating body for this system is the Consultative Group, which has a standing Coordinating Committee (COCOM) that meets continuously in Paris. The criteria on which the control system is based and the lists of items to which the various types of control are applied are reviewed periodically in accordance with the principles that potential aggressors should be denied assistance which would materially aid their military capabilities, that uniformity in export controls is desirable and should therefore be implemented on a multilateral basis, and that controls should be applied selectively. The last such general review was made in 1954.[16] There has since developed a feeling among participating countries that changed circumstances have made further revisions of these controls necessary. A general review was accordingly begun in COCOM on February 20th last. The discussions in COCOM have so far yielded a dishearteningly small measure of agreement, and, in the hope that the Consultative Group, the senior and guiding organization, might accelerate progress, the United Kingdom proposed an early meeting of the Group. The participating countries agreed to convene on July 18th and 19th.

Nature of Disagreement

Differences of opinion among participating countries on the scope of the control system have, on occasion in the past, led to acute and open disagreement. Last year, discussions of the "China differential" (the more extensive control system at that time applied to Communist China) broke down with some bitterness among delegations.[17] The outcome was the unilateral abandonment of the differential by the United Kingdom with most other participating countries including Canada but not the United States, following suit. Strong differences of opinion have been apparent in the current review. Most participating countries, including Canada, believe that the present embargo list can no longer be justified on purely strategic grounds and that the review should result in a substantial reduction in the list of controlled items. The United States, though less determined than formerly to see controls imposed which would be more restrictive than those presently in effect, has resisted the extensive revisions of the list sought by most other countries. Difficulties with an inflexible China trade policy of total embargo may be at the root of continuing United States opposition to relaxing controls.

---

[16] Voir volume 20, les documents 662 à 692./See Volume 20, Documents 662-692.

[17] Voir volume 23, les documents 735 à 745./See Volume 23, Documents 735-745.

Agenda for Consultative Group Meeting

The following agenda has been announced by the Chairman of the Consultative Group:

(1) Reports by the Chairman of COCOM on the work of the Committee.

(2) Reports by the Chairman of CHINCOM (the committee on trade with China).

(3) Report by the Chairman of COCOM on the revision of strategic controls.

(4) Date of entry into force of a new embargo list and a new munitions list.

(5) Consideration of a form of secondary control and whether such control is desired by participating countries.

(6) Annual revision of COCOM lists and procedures.

(7) Miscellaneous items.

Agreement in COCOM on Revised Criteria

Unanimous agreement on the following revised criteria was reached in COCOM early in March:

(A) Materials and equipment (by types and grades) which are designed specially or in peacetime used principally for the development, production, or utilization of arms, ammunition or implements of war.

(B) Materials and equipment (by types and grades), incorporating unique technological know-how, the acquisition of which by the Sino-Soviet bloc may reasonably be expected to give significant direct assistance to the development and production in peacetime of modern arms, ammunition or implements of war, or their means of utilization or delivery, or of counter measures to them.

(C) Materials, of which the Sino-Soviet bloc has a deficiency which may reasonably be expected to be critical in relation to the production in peacetime of modern arms, ammunition or implements of war, of their means of utilization or delivery, or of counter measures to them and which it could not overcome within a reasonable period.

Difficulties in Interpreting Criteria

The United States alone insisted on reservations on the interpretation of the criteria, specifically that criterion (B) should be understood as including significant "advanced" technological know-how even though it cannot be demonstrated to be "unique" in the sense of being absolutely unavailable to the Soviet bloc, that "modern arms" in criteria (A) and (B) should be understood as including all weapons except obsolete conventional arms, and that "materials" in criterion (C) should be understood as including equipment items which meet the critical deficiency standard set forth in that criterion. Regardless of the agreement reached on criteria, widespread differences remain as to their application to items under consideration for strategic control. Opinions differ, for example, on whether "used principally" in criterion (A) has reference to the pattern of consumption in Western countries or to that in the Sino-Soviet bloc. The United States considers only the pattern of consumption in the Communist bloc as relevant. Canada takes the view that under state control the distribution of any stocks for non-military consumption may indicate the prior satisfaction of military demand.

Review of Lists

COCOM has spent approximately four months on its current review of the existing embargo list since revised criteria were agreed upon. Complete agreement has been reached on only one-half of the list of 181 items reviewed, 65 of which it was decided to retain and 26 to delete. The majority of the participating countries believe that a substantial reduction in the lists could be achieved without endangering security. Having regard for the adequate resources which the Communist bloc can devote to military uses, Canada regards the effect of controls as at best marginal and foresees a lessening prospect of inhibiting Sino-Soviet military production through the operation of an embargo. The United States nevertheless appears convinced that any restraint imposed on the development of the industrial capacity of the Communist bloc through the exercise of strategic controls will reduce the bloc's war-making potential.

Scope of Controls

In the view of the majority of participating countries, it is not within the terms of reference of COCOM to impose controls for the purpose of weakening Sino-Soviet efforts in the direction of economic expansion and industrial diversification. It has been felt, nevertheless, that the United States concept of controls has had a discernible bias in favour of economic warfare. To have persisted on a course towards such an objective would have been so opposed to the trend of thinking as to risk the break-up of the multilateral system which COCOM represents.

Canadian Objectives in Review of Lists

Canada considers it essential, in the present state of world markets, to aim at the removal of all unnecessary export control restrictions on trade. The Canadian Delegation at Paris will be prepared to support the early entry into force of a new embargo list provided that, as far as items of Canadian interest are concerned, it contains only those which are consonant with Canada's interpretation of the revised strategic criteria. Canada desires, in particular, the elimination from the control lists of such metals as nickel, copper, aluminum, and iron and steel scrap; certain chemical products; and commercial types of heavy automotive equipment.

Secondary Control

While the United States has proposed an extensive area of secondary control in respect of items of less strategic importance than those retained under embargo, in Canadian opinion secondary control need be no more stringent than is presently exercised for List III items; that is, reporting shipments to COCOM. Canada should therefore oppose suggestions for pre-shipment licensing on the grounds that it constitutes unjustifiable red-tapism. Should a majority of the participating countries lend their support to the proposal for pre-shipment licensing, however, the Canadian position can be reconsidered, subject to assurance that "watch list" items are few in number. Canada would prefer to see the rejustification of items annually, and deletions or additions decided by a majority in COCOM.

Exceptions Procedures

Experience has already shown that an extensive control list which contains items of questionable strategic significance provokes numerous requests for exceptions and may tend to frustrate the overall effectiveness of the control. Nevertheless, under prescribed conditions the export of embargoed items is justified. Substantial changes in the existing framework of exceptions procedures are not envisaged. A reduction in the list of items subject to control, retaining only those items which participating countries can wholly support, will likewise reduce the number of claims for exceptions.

Alternative Course of Action

If it should become evident to the Canadian Delegation that the necessary support is not forthcoming to bring about the deletion from the control list of those items of particular Canadian interest, either because of disagreement on the interpretation of criteria or in any examination in detail of items under review, the Delegation may propose that the Consultative Group consider (a) a primary scale of control for a situation such as now exists, when relaxation might tend to lessen causes of tension, and (b) a secondary scale of control, to go into effect in time of extreme tension or actual hostilities. Items on which there is disagreement would be assigned to the list subject to the secondary scale of control. This course of action is intended to alleviate United States' concern over the difficulty of reinstating items on a strategic list once control has been relinquished. It has significance also in offering the United States a proposal which perhaps it could regard as politically acceptable.

Canadian Delegation

Mr. L. Dana Wilgress has been named Canadian representative at the meeting of the Consultative Group. With Mr. Wilgress, Mr. Denis Harvey, Director, Commodities Branch, Department of Trade and Commerce, Mr. R. Campbell Smith, Commercial Counsellor, Paris, and Mr. J.H. Bailey, Canadian Representative on COCOM, will compose the Canadian Delegation. The Canadian Delegation should:

(1) Support the reaffirmation of the principles and purposes of the Consultative Group Coordinating Committee organization;

(2) Confirm acceptance of the new strategic criteria;

(3) Support the retention of an embargo list based upon a realistic interpretation of the new criteria;

(4) Support the earliest possible entry into force of the new embargo list, subject to Canadian acceptance of the content thereof;

(5) Support the elimination of the quantitative control list and the reporting list and agree to a minimum of secondary control.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Projet de note pour le ministre du Commerce

Draft Memorandum to Minister of Trade and Commerce

SECRET [Ottawa], July 11, 1958

MEETING OF THE CONSULTATIVE GROUP IN PARIS, JULY 18 AND 19

Attached is a summary of the progress made in review of the Embargo List which has been continuing in COCOM. The items of special interest to Canada on which disagreement persists include nickel, cobalt, copper, aluminum, butyl rubber and automotive vehicles. The primary source of our difficulty is in every case the United States. It is understood nothing was said in the Ottawa meetings this week which has altered the Canadian stand on strategic controls. It might be useful to review here the pattern which the discussions are likely to take to forewarn you of the possible results.

There is little likelihood that the two day C.G. meetings will be able to re-examine in detail disagreed commodity items. Consequently, the United States may be expected to attempt to isolate the cases of those commodity listings which represent a special problem for them, by offering broad formulae enabling early implementation where there has been agreement. We seem to have been forewarned that they will also try to stand equally firm as we on nickel and perhaps one or two other commodities of special interest to us, e.g. butyl.

It seems that the type of manoeuver available to us lies principally in offering to maintain some form of control, short of embargo, for the disagreed items. The purpose would be to retain freedom to exercise discretion in approving export permit applications to satellite countries for example, which would for the present satisfy our interest in the case of nickel, we believe.

It is not known whether such a compromise would be acceptable to the United States but nevertheless this seems to be the limit to which we can offer to move to accommodate them, unless we are prepared to accept an indefinite extension of embargoed commitments on the commodities in question. In the event that no agreement can be reached on the basis of such a compromise, it will at least serve as an indication that we have not steadfastly maintained an inflexible position.

Judging from past experience, it is by no means sure that security arrangements in Paris will be adequate to keep word of such disagreement from the Press, although there has been insistence on special precautions for this purpose.

REVIEW OF EMBARGO LIST BY COCOM

After agreement had been reached in COCOM on criteria, each group of embargoed items was examined by a COCOM sub-committee after which the main committee reviewed the results and made a further attempt to resolve disagreed items. COCOM discussions ended on July 4th. Member countries had the opportunity of submitting changes in their positions to the Secretariat until July 15th. The disposition of embargoed items at the time of the completion of the COCOM review was:

	Number	Per cent of Total
Items retained	65	37%
Items deleted	26	14%
Items disagreed	55	30%
Items on Pending List	24	13%
	170	94%
Items partially agreed	11	6%
Total List I items	181	100%

Out of a total of 181 embargoed items agreement has been reached to retain or to delete only 91 items, representing 51 per cent of the existing List I. The number of items still subject to disagreement is substantial (55) and to this should be added the 11 items on which only partial agreement has been reached, making a total of 65 items for which the Consultative Group will attempt to devise a formula for resolving the differing points of view in the application of the agreed criteria.

The relatively inflexible attitude of the United States, although softening in some degree in the latter stages of the discussions, is mainly responsible for the lack of agreement on many of the disputed items. In a number of cases, the United States alone, or with only limited support from other members, has steadfastly opposed the majority view recommending deletion. United States tactics have not been without some measure of success. A comparison of the original proposals of member countries shows unanimity for the retention of 9 items and the deletion of 14 items. In subsequent discussions, retention of 65 items and complete deletion of only 26 items was agreed upon. Items on the "pending list" (24) might be added to the latter figure but the United States, in accepting deletion, attached the condition of transfer to a satisfactory form of secondary control. Without attempting to analyze the particular circumstances attached to disposition of individual items it appears that the trend of compromise, in general, points more in the direction of acceptance of retention under embargo than to deletion from control.

The 55 items still subject to disagreement represent the hard core of opposing views. For a number of items in the machinery, equipment, and instrument groups, disagreement results from differing views on re-definitions of items to be retained under embargo. The outlook for agreement on such items is more promising than for raw materials where interpretation of the criteria and not definition is the point of disagreement.

Canada's main concern is with this latter group, basic metals and minerals. The metals of principal interest are aluminum, copper, nickel, cobalt, and scrap iron and steel. The Canadian position favouring deletion of these metal items from control is covered in detail in the Canadian paper submitted to COCOM at the time the Metals Group was reviewed (Appendix†).

The standing of these metals at the completion of the COCOM review is summarized hereunder.

Scrap Iron and Steel — 1630

Deletion was agreed upon by all countries.

Aluminum — 1636

The Canadian recommendation for deletion was supported by Germany, France, the United Kingdom and most other participating countries. The United States based its argument for retention on the use of aluminum hard alloys for aircraft construction. The United Kingdom and Germany disagreed with the argument, referring to the high proportion of non-military consumption in their respective countries. The United States does not accept this argument, on the grounds that the pattern of use in the West is not relevant.

Cobalt — 1648

The United Kingdom and Canada are the only countries requesting deletion. France proposed retention under embargo but suggested further study of cobalt compounds with a view to specifying the percentage and nature of such compounds. Germany proposed that the item should read "Cobalt and cobalt alloys," that part (b) should read "Scrap" and that compounds should be narrowed and clarified as suggested by France. Most other countries, including the United States, are prepared to accept a selective definition along the lines proposed by Germany. The disposition of cobalt does not have primary importance to Canada in the same sense as aluminum, copper and nickel. Canada does not believe that retention is justified under the new criteria. However, a strong position was adopted in favour of deletion for tactical reasons in order not to leave the Untied Kingdom isolated on this item. Should the United Kingdom be prepared to modify its position, Canada could follow suit.

Copper — 1650

Canada and the United Kingdom recommended deletion. The United States and Turkey proposed retention and the extension of embargo to copper wire (Item 3652). France supported the retention of the embargo on item 1650 but not extension to include item 3652. Most other countries did not take a strong position on item 1650 but opposed embargo of copper wire. Belgium, the Netherlands, and Germany were closest to the

Canadian and United Kingdom position. Italy, reflecting commercial aspirations, favoured deletion of semi-finished products and reserved its position on raw copper. Bilateral talks between Canada and the United States indicate some promise that the United States may be prepared to move closer to the Canadian position.

Nickel — 1661

Part (a) Ores, etc.—All participating countries except the United States supported deletion.

Part (b) Alloys—Canada recommended deletion. A majority of countries, not including the United States, favoured the United Kingdom redefinition — "Nickel-base alloys containing 45 per cent or more nickel and having 5 per cent or more of cobalt and 7 per cent or more of chromium." Canada could accept the United Kingdom redefinition provided agreement could be reached on this basis.

Part (c) Powder—All countries except the United States supported deletion.

Part (d) Oxide and Scrap—All countries except the United States supported deletion.

Part (e) Scrap and Spent Nickel Catalyst—All countries except the United States supported deletion.

Other items of interest to Canada and remaining subject to disagreement are:

Automotive Vehicles — 1450

Canada recommended deletion. There was general support from most member countries. Italy proposed the redefinition, "automotive vehicles, lift trucks, tractors not possessing or built to current military specifications differing materially from their normal commercial specifications." All countries except the United States supported the Italian redefinition.

Butyl — 1801

The United States recommended retention and proposed that the item be redefined. All other countries were strongly in favour of deletion.

Polyethylene — 3750

It is understood that this item is to be recommended for embargo or for secondary control by the United States. Canada opposes control in either form. The position of other participating countries is not known at this stage but, in general, the upgrading to embargo of any List II or List III item is opposed by most participating countries.

---

506. DEA/11045-40

L'ambassade en France
au sous-secrétaire d'État aux Affaires extérieures

Embassy in France
to Under-Secretary of State for External Affairs

LETTER NO. 593 Paris, July 21, 1958

SECRET

Reference: NATO Message No. 1956, July 21, 1958.†

COCOM — CONSULTATIVE GROUP MEETING, JULY 18-19, 1958

Following the approval of the various routine reports of the Chairman of COCOM, each Delegation made a general statement. The Canadian statement (Annex I)† stressed the need for guarding the security of the West, maintaining unanimity amongst Participating Countries, and the dangers of stimulating the productive capacity of the Bloc by withholding certain marginal requirements. Other Delegates, after reaffirming that their prime interest was the security of the West, mentioned such matters as the need for being able to defend the decisions taken by the Group before their Parliaments; the problems that had arisen through differences in the interpretation of criteria; the way in which the U.S.S.R. was now exporting items previously controlled; and the voluntary nature of the control system which had been established by the members of the Free World.

Agreed Items:

The Consultative Group gave their final sanction to the decisions COCOM had taken prior to the meeting with regard to the deletion of a number of items from embargo, the addition of several new items to List I, and the redefinition of certain other items which are to remain under control.

Secondary Controls:

The Group agreed to the Chairman's suggestion that a decision should be made with regard to Secondary Controls before proceeding to a discussion of the disagreed items themselves. Several countries, including Canada, stated that they were not in favour of any form of secondary controls but, as a measure of compromise, would agree to the establishment of a short "Watch List." As a result, the Group soon reached an agreement to abolish the present Lists II and III and to establish a secondary control based on the following premises:

(a) A list of 30 to 50 items, mainly from the present embargo list, is to be established by COCOM;

(b) Majority rule is to apply for the addition and deletion of items;

(c) Preshipment licensing is not required and each country is free to decide the means by which it collects and forwards the export statistics to COCOM. As quick reporting is essential for the successful operation of the Watch List, it was suggested that COCOM establish a time limit with a maximum of approximately 45 days.

Disagreed Items: (Disposition of all items shown in Annex II)

The Group first reviewed those items where there were countries in isolated positions. A most co-operative attitude was shown by the United States and the United Kingdom in reviewing this group and decisions were quickly made for the deletion or addition of a number of items. Canada, aligning itself with the U.K., agreed to the maintenance of Forging Hammers and Molybdenum on the embargo list.

The discussions then became centered around the more contentious items shown in the report of the Chairman of the Co-ordinating Committee:

(a) In the machinery and equipment fields, agreements in principle were reached on all items except Rolling Mills (1305). All Delegates agreed to keep parts (a) and (b) of the U.S.A. definition for this complicated item and to delete part (d). On part (c), however, which proposes for embargo "continuous cold sheet and strip mills of more than three high," the U.K. maintained their position that the item should be deleted and the U.S.A., just as strenuously, insisted that it should be embargoed. The hope was expressed that an understanding on these differences in viewpoint might be reached later on a bilateral basis through regular diplomatic channels. Several other items such as rotary drill bits (rock bits), mobile generating units over 5,000 KW and some electronic items were referred to COCOM to finalize definitions.

(b) In the transportation group, agreement was quickly reached to keep only military-type automotive vehicles (Italian definition for 1450) and a limited number of civilian aircraft (new U.K. definition) under embargo. It was found impossible, however, to resolve the differences of opinion on tankers (1410) and other ships (1416/17).

In an effort to find a basis of agreement which would take into account the U.S.A. wish to embargo all tankers, and the strong feelings of some of the major European shipbuilding countries (especially Denmark and U.K.) to see tankers deleted completely from the embargo list, the U.S.A. offered a compromise definition which would embargo:

(i) new tankers over 17 knots;
(ii) all used tankers.

Although this definition received the support of a number of Delegates, nevertheless, lengthy discussions (including comments on whether or not COCOM was the appropriate forum to discuss tankers in relation to Free World petroleum requirements during emergencies, as had been suggested by the U.S.A. in proposing the embargo of used tankers) failed to resolve the problem. Nevertheless, all interested parties agreed to study the matter further and to try to come to an agreement before the new embargo list comes into force. There were also involved discussions concerning other types of vessels and, although the matter has been referred by the C.G. to COCOM for further study, it would appear that the U.S.A. request to embargo fishing vessels designed for speeds of 17 knots or over, and other seagoing vessels designed for speeds of 20 knots or over, will eventually win the support of all Participating Countries.

(c) Discussion of the contentious non-ferrous metals group of items, in which Canada had a vital interest, was deferred until the last afternoon of the meeting at the request of the United States. In the interim, a number of informal bilateral talks took place between the interested parties. Through the good offices of the Chairman, Mr. Wormser, and the special efforts made by the United States, United Kingdom and Canadian Delegations to modify their positions, a suitable basis of agreement was established. After the U.S.A. had indicated a willingness to transfer copper and hard aluminum from the embargo list to the Watch List, and Canada and the U.K. had agreed to maintaining the embargo on cobalt, a compromise was eventually reached on nickel. The new definition for nickel keeps only ores, concentrates, matte and nickel-base alloys containing 32 per cent or more nickel under embargo. All other nickel products, which have now been transferred to the Watch List, may be exported to the Sino-Soviet Bloc with the understanding that the flow will be regulated to discourage the expansion of Satellite refining capacity and prevent stockpiling by the U.S.S.R. The nickel-steel ratio of the U.S.S.R. will be used as a guide to the upper limit of acceptable nickel requirements for the Satellites (See Annex III)† and it is tentatively agreed that a rate of flow, not exceeding 1,000 tons a month to countries of the Bloc, is consistent with the above criteria. Consultations will be held if the flow begins to exceed this figure significantly.

(d) Of the miscellaneous items, synthetic rubbers and plastics were of interest to Canada. The U.S.A., which had agreed just prior to the meeting to delete butyl, cold-styrene rubber and polyethylene from embargo, agreed to refer to Cocom the problem of whether or not these items should go on the Watch List and whether an embargo should be placed on liquid alkyl polysulphide polymers, silicone and N-type rubbers.

Effective Date:

The Consultative Group requested that COCOM try to complete its work, with regard to making decisions on the limited number of items still under study and the establishment of a Watch List, by the end of July. Two weeks after the conclusion of this work it is hoped the new Embargo List and Watch List will enter into force and August 15 has been set as the target date.

Miscellaneous:

COCOM has been asked to examine the Atomic Energy List before the end of this year. It was also decided that a review of all the embargo and secondary control lists would be made annually with October 1, 1959, set as a tentative date for the next review.

With regard to the meeting just concluded, it was suggested that all participating countries show considerable reserve when announcing the results. The Chairman asked that nothing should be said other than that there had been a useful exchange of views and, if desired, it might be added that there had been a wide measure of agreement. It will be left to the press to draw their own conclusions following the notices of the new trade regulations which will appear in the official gazettes of the various countries sometime after August 15.[18]

JOHN H. BAILEY
for Embassy

---

[18] Voir la *Gazette du Canada*, volume 92, nº 16, partie II (Ottawa: Imprimeur de la Reine, 1958), pp. 1092 à 1106.
See *Canada Gazette*, Volume 92, No. 16, Part II (Ottawa: Queen's Printer, 1958), pp. 1035-1048.

5^e^ PARTIE/PART 5

UNION SOVIÉTIQUE
SOVIET UNION

SECTION A

LETTRES DE BOULGANINE ET PROPOSITION DE RÉUNION AU SOMMET
BULGANIN LETTERS AND SUMMIT MEETING PROPOSAL

507. DEA/50128-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 2, 1958

BULGANIN'S LETTER TO THE PRIME MINISTER[19]

No decision was taken at the Nato heads of government meeting about the timing of replies to the letters sent by Mr. Bulganin; the Nato Council will however discuss the Bulganin letters in its meeting of January 8. If you agree, I should like to provide our Nato delegation before then with a general indication of the character and tone of the reply we are likely to make and with some of the points we may include. I propose, therefore, to set forth in this memorandum the suggestions which have been drawn up as a result of discussions within the Department. If you approve of these proposals we shall make them available to our Nato delegation and other interested missions as a basis for discussion.

2. *General Principles* — We should place emphasis on the declaration and communiqué[20] of the Nato meeting since these constitute the latest expression of common views and were formulated after the arrival of the Bulganin letters. There are, however, a sufficient number of aspects which relate to the Canadian situation and experience to enable us to prepare a reply which is not simply a facsimile of other replies that will be made. I think our letter should contain a large measure of purely Canadian content.

3. On the broader issues which affect the main negotiating position of the West, particularly on disarmament, it would not be appropriate for Canada to imply that it was initiating negotiations unilaterally. However, there would, I feel, be no harm in displaying a certain amount of Canadian initiative to the extent of showing a readiness to obtain by means of diplomatic discussions here and in Moscow clarification and amplification of some of the proposals Bulganin has made. We could discuss this point in the Nato Council ahead of

---

[19] Pour le texte de la lettre du 13 décembre 1957 de Nicolaï Boulganine au premier ministre Diefenbaker, voir Canada, Ministère des Affaires extérieures, *Affaires extérieures*, vol. 10, n° 2, février 1958, pp. 39 à 42.

For the text of the December 13, 1957 letter from Nicolai Bulganin to Prime Minister Diefenbaker, see Canada, Department of External Affairs, *External Affairs*, Vol. 10, No. 2, February 1958, p. 39-42.

[20] Voir Conseil de l'Atlantique Nord, *Textes des communiqués finals, 1949-1974*, Bruxelles: Service de l'information OTAN, s.d., pp. 113 à 122.

See North Atlantic Council, *Texts of Final Communiqués, 1949-1974*, Brussels: NATO Information Service, n.d., pp. 108-120.

time and indicate that we hope as much contact as possible will be established with the Russians by member countries through diplomatic channels for the purpose of securing further information on the proposals and of evaluating Soviet intentions. It is particularly important to determine what degree of flexibility or concession the Russians are willing to display. We think it is desirable, however, that the positions taken in any discussions of disarmament which individual countries may have with the Russians, should have as a basis the agreed Western proposals, and the degree of flexibility shown should be that contained in the Nato communiqué.

4. If ultimately Nato countries feel that a more flexible approach towards the Russians should be adopted in the light of information derived from our combined contacts with them, we should indicate our views privately to our allies for the purpose of determining what measure of agreement can be reached. If Nato countries were to support any such modified view, the U.S. representatives would have to be principally involved. If progress were made, the stage might be reached where the Nato Council would wish to ask U.S. representatives to talk to the Russians and report back to the Council. Meanwhile we feel that Canada should avoid giving the impression that it would be ready to carry on individual negotiations with the USSR lest this make it appear that opinion within the alliance is divided. Any action Canada takes towards achieving a more flexible approach should be aimed in the first instance at influencing U.S. authorities rather than at establishing any special relationship with the Russians in this field.

5. It was apparent at the recent NATO Ministerial Meeting that while most governments felt that a gesture should be made to public opinion by offering a meeting with the Russians at Foreign Minister level, only the Scandinavian countries and ourselves were convinced that a more flexible approach might be advisable at this stage. There could therefore be no assurance that we would receive support from our Allies for a more flexible approach. There is however some indication that the United States may eventually be disposed to adopt a more flexible attitude to disarmament. Their proposal at the recent NATO meeting for the establishment of a Technical Group to advise on problems of arms control arising out of new technical developments would seem to indicate that some new approach on disarmament may be envisaged. We have not, however, any real evidence of United States intentions with regard to this new body.

6. Assuming that the NATO Council was in accord with these ideas, conversations might be held from time to time between our Ambassador in Moscow and Mr. Gromyko and between yourself and the Soviet Ambassador here on some of these matters of common concern. I am thinking in particular of the Soviet suggestion for cessation of nuclear tests and for establishment of a zone in central Europe, free of nuclear weapons.[21] These are complicated problems and ones which are of great importance to our allies and ourselves. We would not commit ourselves in any final way and we would, of course, keep our Nato friends fully informed. But if contact is to be established with the USSR and tension reduced, bilateral discussions are necessary. In our reply, therefore, I think we could show a readiness to obtain amplification of these two suggestions. This would be in conformity

---

[21] Le 2 octobre 1957, Adam Rapacki, ministre des Affaires étrangères polonais, a présenté un plan à l'Assemblée générale des Nations Unies demandant l'établissement d'une zone dénucléarisée en Europe centrale comprenant la Pologne, la Tchécoslovaquie, l'Allemagne de l'Ouest et l'Allemagne de l'Est.

On October 2, 1957, Adam Rapacki, the Polish Foreign Minister, presented a plan to the United Nations General Assembly calling for the establishment of a nuclear free zone in Central Europe comprising Poland, Czechoslovakia, West Germany, and East Germany.

with the willingness expressed in the Nato Declaration to examine any proposal from whatever source for general or partial disarmament.

7. *Specific Nato Topics* — While not going out of our way to speak for the major powers we should, I think, have a general passage in our reply on Nato with particular reference to the heads of government meeting.

8. Mr. Wilgress has suggested in a telegram† that our reply should expand upon the general line of the Nato communiqué. We would like to see some slight progress made beyond the communiqué — and bilateral discussions may make this possible — but in general we agree that where Bulganin dealt with Nato or touched on matters of interest to all, the Nato communiqué should be taken as a guide.

9. I do not think it will be worthwhile to take up all the points raised by Bulganin in this field but in setting forth the Canadian point of view we can touch on some of them and also follow the lead given by the Prime Minister on television of refuting any Soviet implication that the organization has aggressive intentions. Thus in this general section on Nato, we could deal with the following points from the Bulganin letter:

- Necessity for creating confidence between states. (para. 1)
- Nato is preparing for war. (para. 2-4)
- Local wars will grow into large conflicts. (para. 6)
- Relationship of Nato to other military alliances. (paras. 7-8)
- Interdependence of Nato countries. (para. 9)
- Nato countries stir up military hysteria. (paras. 10-12)
- Suggested non-aggression agreement between Nato and Warsaw Pact. (para. 20)

10. We do not propose that any of the above subjects should be dealt with in great detail. We should rather go beyond the individual arguments of Bulganin and take the opportunity of setting forth our own point of view. While taking the Nato communiqué into account, this can perhaps be based on the relevant main points of your speech in the House of November 26, the Prime Minister's report to Parliament on December 21 and his television talk on December 22.

11. *Canadian Items* — In making our reply, I think we would do well to pick out those elements of the Bulganin letter which either relate to Canadian matters or come within fields in which Canada has a paramount interest. We can uphold the principles of Nato and not fail to refute charges where necessary, but at the same time devote major attention to those subjects which have a direct bearing on Canadian policies or which have significance for Canada as a middle power. Thus, following the general section, I think we should deal with specific points as follows:

(a) *Stationing of U.S. Nuclear Weapons on Canadian Soil* (para. 5) — We can assert the right of Canada to take measures of self-defence, pointing out that this comes within the provisions of the United Nations Charter. We could point out that whatever defence measures Canada takes whether alone or in concert with its allies, our actions result from a conviction that such measures are necessary. We could reaffirm here that we hope the stage will be reached where international confidence is such that defence measures of various kinds and in all countries will be lessened. It might then be desirable to indicate the kind of possible alternative arrangements which might afford an acceptable substitute for the military preparations in question. Emphasis could be given to the Prime Minister's statement about our readiness, in the context of the disarmament agreement, to open all or part of Canada on a basis of reciprocity to aerial and ground inspection in order to provide reassurance against surprise attack. The general trend of such remarks might be that if suitable safeguards could be agreed there would be a different situation which could hardly fail to affect the course of the discussions on defence now afoot. The purpose of such an approach would of course be to take advantage of whatever diplomatic and political pressures are created by Nato discussions of defence arrangements which would be unwelcome to the Soviet Union. We should bear in mind that when the decisions have been reached and are in process of being implemented this pressure may cease to exist or will at least have taken a form less susceptible of exploitation.

(b) *Non-Interference in Middle East* (para. 21) — The Bulganin letter proposes that in order to normalize the situation in the Near and Middle East, the USSR and the three Western great powers should voluntarily assume the obligations of non-interference in the affairs of the countries of the region and of the avoidance of the use of force in settling its problems. The Canadian reply might draw attention to the positive contribution that Canada is making to stability and peace in the Middle East through its participation in the United Nations Emergency Force. The hope might be expressed that no power, including the Soviet Union, would take any step which would interfere with the important duties UNEF is performing with such a gratifying measure of success.

(c) *Disarmament* — Bulganin suggests that efforts be made to achieve step by step progress and proposes that as a first step the U.S.A., U.K. and U.S.S.R. agree not to use nuclear weapons and not to have further nuclear tests after January 1 for two or three years. (paras. 17-18). Although our answer to this point will have to be coordinated with the U.S.A. and the U.K., we can appropriately express Canadian views on the basis of the major role we have played in the disarmament discussions. It might be useful to welcome the agreement of the Soviet Union that a step by step solution of disarmament should be sought while expressing reservations about the exact steps proposed by the Soviet Union. In connection with the proposed obligation not to use nuclear weapons it might be pertinent to recall the acceptance at an earlier stage by the Soviet Union of the principle that such an obligation should be conditional and should permit the use of nuclear weapons for purposes of defence against aggression. The reply might then go on to suggest that when the Soviet Union is prepared to resume disarmament negotiations it might be profitable to pursue this question further. With respect to nuclear tests we should bear in mind the reports we have received concerning the possibility of a change in United States policy. We might convey the thought that such changes are by no means excluded as far as Canada is concerned since we are not conducting and have no plans for conducting tests. At the same time we should give support perhaps in a somewhat equivocal way to the proposals of August 29.[22] I do not think that we can proceed very far towards abandoning any of those proposals publicly until our major allies come closer to accepting the thesis that as a package they are becoming politically untenable. However, by referring to your remarks about the flexibility of these proposals and perhaps to some of the recent remarks of the Prime Minister, it may be possible to convey the appropriate impression.

(d) *Maintenance of Status Quo* — Bulganin says that any attempts to alter the status quo by force or to impose territorial changes would have catastrophic consequences. We could assert that Canada has no intention of joining in any efforts to impose territorial changes or to alter the status quo by force. In turn we would welcome assurances from the Russians that they are prepared to refrain from maintaining the status quo by force in Eastern Europe. Bulganin has asked the Prime Minister to have the courage to face the facts. The appeal could be made to him equally to have the courage to face the facts as seen by the Government of Canada and by the Western community. It could be pointed out that if co-existence and recognition of the status quo are to have any real meaning, they must entail not only recognition of the existence of two different systems but consistent non-interference in the internal affairs of other countries and a common assumption of responsibility in deeds as well as words for the maintenance of peace.

---

[22] Voir/See Volume 24, Document 117.

(e) *Nuclear-Free Zone* (para. 19) — Bulganin has proposed that a central zone of Europe, including the two Germanys, Poland and Czechoslovakia, be kept free of nuclear weapons. Assuming that the proposal could be set in a proper political perspective, we could go so far as to say that we did not consider that it should be rejected, unless and until careful study had shown it to be unworkable. One of the principle factors in assessing the practicability of a nuclear-free zone would be the question of control. (This attitude parallels the answer you approved on December 23 for publication in *Le Monde*).

12. *Canadian-Soviet Relations* (25-33) — Mr. Bulganin suggests that Canada can make an important contribution towards achieving agreement on the proposals made by the Soviet government and he welcomes your statement of December 3 in the External Affairs Committee[23] about the importance of reducing tensions. He says Canada could play a particularly important role in the field of atomic developments. I think we should be careful not to imply in our answer that Canada is willing to take on any special role in achieving the settlement of some of the problems that beset relations between the major powers. We could merely say that we have noted Bulganin's remarks about the role of Canada in world affairs and that we intend to continue to play whatever role in the United Nations and within Nato we consider is best suited to the achievement of peace and security.

13. Mr. Bulganin states that the U.S.S.R. wishes to develop more extensive ties with Canada. He says that increased trade without "artificial" restrictions would establish good will and that a reciprocal visit of a trade mission would be welcome. He adds that co-operation in science and culture should be encouraged and he expresses the hope that a spirit of good neighbourliness will prevail between Canada and the U.S.S.R.

14. In our reply I think we could agree to the principle of good neighbourliness and assure him that we will continue to examine the possibilities of co-operation in all fields. We could agree to give attention to trade possibilities (and perhaps say that we will give consideration to his suggestion that a Canadian trade mission go to the U.S.S.R.) but it would probably be well to ignore at this stage his reference to "artificial" restrictions by which he means the strategic controls on trade with the Soviet bloc which have been maintained by Nato and other countries since the Korean conflict.[24] We can mention the increase that has taken place in contacts and exchanges in various fields and we can agree that these should be encouraged. The Prime Minister might wish to make a reference to the contribution to goodwill made by the Russian hockey team which visited Canada at the beginning of the winter and to welcome the possibility of a reciprocal visit.

15. We can point out that it has been a matter of some concern to us that freedom of movement is not permitted to persons who wish to leave the U.S.S.R. and join relatives here as permanent residents. We can say that the granting of permission to such persons to leave the U.S.S.R. as well as the granting of exit permits to any Canadian citizens who are

---

[23] Voir Canada, Chambre des Communes, *Comité permanent des Affaires extérieures, Procès-verbaux et témoignages*, N° 1, mardi, le 3 décembre 1957 (Ottawa: Imprimeur de la Reine, 1957) pp. 8 à 15.
See Canada, House of Commons, *Standing Committee on External Affairs, Minutes of Proceedings and Evidence, No. 1*, Tuesday, December 3, 1957 (Ottawa: Queen's Printer, 1957), pp. 8-15.

[24] Voir/See Document 505.

in the U.S.S.R. would be a good sign of the willingness of the U.S.S.R. to demonstrate the spirit of co-operation which it wishes to achieve in Canadian-Soviet relations.[25]

J. L[ÉGER]

---

508. DEA/50128-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM S-13 Ottawa, January 6, 1958

SECRET. OPIMMEDIATE.

Reference: Your Tel 2317 Dec 27/57.†

Repeat Paris, London, Washington, Bonn, Hague, Rome, Brussels (Priority) (Information). By Bag Lisbon, Moscow, Copenhagen, Oslo, Athens, Ankara from London.

BULGANIN LETTER

You may use the following points in Council discussions January 8 concerning the character and content of reply to Bulganin letter. They are not firm, however, and may well be modified by further consideration here and by information about intentions of NATO allies.

2. *General* — Reply will place emphasis on declaration and communiqué of NATO meeting since these constitute latest expression of common views and were formulated after arrival of Bulganin letter. Main charges against NATO will be refuted but in brief terms. Special attention will be given to points which are of direct Canadian concern or have specific bearing on Canadian policies. We will seek to obtain clarification of some of the proposals.

3. *Disarmament* — Bulganin's advocacy of step-by-step solution of disarmament problems will be welcomed and USSR will be urged to rejoin disarmament discussions and to make use of UN machinery created for this purpose. In connection with the Bulganin proposal of an obligation not to use nuclear weapons, we may remind him of the acceptance at an earlier stage by the USSR of the principle that such an obligation might be conditional and might permit the use of nuclear weapons for purposes of defence against aggression. We could suggest that when the USSR is prepared to resume disarmament negotiations this question could be pursued further. At the same time we could give general support to the August 29 proposals, although emphasizing the flexibility to be found in them and the flexible approach in the NATO communiqué.

4. *USA Nuclear Weapons on Canadian Soil* — We shall assert the right of Canada to measures of self defence pointing out that this comes within the provisions of the UN Charter. We could point out that what ever defence measures Canada takes whether alone or in concert with its allies our actions result from a conviction that such measures were necessary. We could reaffirm here that we hope the stage will be reached where international confidence is such that defence measures of various kinds and in all countries will be lessened. Emphasis could be given to the Prime Minister's statement last summer about

---

[25] Note marginale :/Marginal note:
I like this as a general & tentative & searching approach! S.E. S[mith]

our readiness in the context of disarmament agreement to open all or part of Canada on a basis of reciprocity to aerial and ground inspection in order to provide reassurance against surprise attack.

5. *Nuclear Free Zone* — This proposal is one we should like to see explored in light of the penultimate paragraph on disarmament in the communiqué. The Council should consider whether it would be useful to have the NATO military authorities provide an appreciation of the Rapacki proposals. We should also be grateful if you would secure for us an elaboration of Norstad's views which he is reported to have given to the press recently on these proposals. In our reply we intend to refer to the paragraph of the communiqué mentioned above to indicate our view that this proposal should be carefully examined and that one of the principal factors in assessing the practicability of a nuclear free zone would be the question of control.

6. *Maintenance of Status Quo* — Bulganin says that any attempts to alter the status quo by force or to impose territorial changes would have catastrophic consequences. We could assert that Canada has no intention of joining in any efforts to impose territorial changes or to alter the status quo by force. In turn we would welcome assurances from the Russians that they are prepared to cease maintaining the status quo by force in Eastern Europe. Bulganin has asked the Prime Minister to have the courage to face the facts. The appeal could be made to him equally to have the courage to face the facts as seen by the Government of Canada and by the Western community. It could be pointed out that if coexistence and recognition of the status quo are to have any real meaning, they must entail not only recognition of the existence of two different systems as Bulganin suggests, but consistent non-interference in the internal affairs of other countries and a common assumption of responsibility in deeds as well as words for the maintenance of peace.

7. *The Mideast* — We will not go fully into Bulganin's proposal for agreement of non-interference in the Mideast but we will draw attention to the positive contribution that Canada is making to stability and peace through its participation in UNEF and we will express the hope that no power, including the USSR, will take any step which will interfere with the performance of its duties.

8. *Summit Meeting* — In response to the rather indefinite reference by Bulganin to a Summit Meeting, we will adopt the same line as was taken by the Prime Minister in the House of Commons on November 7 when he stated that Canada would support such a meeting if we thought it would be successful and that the preparation and conduct of the meeting should be such as to ensure beneficial results and that the Soviet proposal for a Summit Meeting must be read in the light of the recent refusal of the USSR to participate further in the deliberations of the Disarmament Commission of the UN. We will also be in favour of including the requirement that the USSR give some indication of a willingness to accept fair and reasonable measures of inspection and control for disarmament. (The Prime Minister commented further in the House today on Summit Meeting possibilities and the text is being sent in our immediately following telegram).

9. *Canadian-Soviet Relations* — We welcome the principle of good neighbourliness and will undertake to give attention to trade possibilities and to further exchanges in cultural and scientific fields.

10. We would hope that in the course of normal diplomatic exchanges over the next few months in Moscow and in NATO capitals, it will be possible for member governments to secure further information so as to be in a better position to evaluate Russian intentions. You may wish to refer generally to the desirability of such diplomatic contacts with the Russians and express our intentions to make greater use of such channels.

509. DEA/50128-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord
au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council
to Secretary of State for External Affairs

TELEGRAM 30 Paris, January 8, 1958

SECRET. OPIMMEDIATE.
Reference: Your Tel S-13 Jan 6.
Repeat London, Washington, Paris, Bonn, Hague, Rome, Brussels (Information).
By Bag Lisbon, Moscow, Copenhagen, Oslo, Athens, Ankara from London.

BULGANIN LETTERS

There was general agreement in Council this morning that

(a) Member Governments should send individual replies to the Bulganin letters, taking into account Council consultations and the positions of Allied Governments;

(b) although there was no necessity for each Member Government to take exactly the same line, the Russians would undoubtedly compare our replies which should therefore not only avoid any important divergencies on substance but should in general emphasize the same points;

(c) this would, however, leave individual governments free to give their own flavour to their replies, to answer specific charges made against them in the Bulganin letters, and to pay special attention to those points which were of greatest concern to public opinion in their countries;

(d) where agreement could not be reached on matters of substance through NATO consultations, there was some feeling that we would have to decide whether it was perhaps better to omit any reference to such matters in our replies or at least keep any such references to a minimum.

Under this heading, the two principal controversial themes discussed by the Council this morning were Mr. Macmillan's suggestion of a non-aggression pact[26] and the reference in the UK draft reply to further study being given to the Rapacki proposals.

2. This morning's discussion took place on the basis of the UK Government's draft reply (our telegram 24 January 8†). Other delegations, including the USA, French and Italian delegations, proposed to circulate their own drafts as soon as possible. We shall send you, by telegram the principal texts as received.

3. As regards Mr. Macmillan's proposed non-aggression pact, Roberts made no apology for the failure of his government to consult in NATO but minimized the importance of the proposal which he said had been taken out of context by the press. In fact, it was nothing more than an offer to complete with a system of mutual guarantees any series of more general agreements which might be negotiated. A non-aggression pact would be a small part of such a package of concrete agreements. It would not cost us anything as no NATO country nor NATO as a whole would ever be guilty of aggression; Roberts recalled in this connection that Khrushchev had liked this part of the December ministerial communiqué.

---

[26] Voir/See *The Times*, January 6, 1958, p. 5.

4. The Italian representative was openly critical of what he called individual initiatives taken without consultations and confusing public opinion with expectations which were not justified.

5. On the other hand, as both the Belgian and French representatives emphasized, once Mr. Macmillan had publicly made his suggestion, it would hardly be politic to drop the idea entirely from the replies of member governments. (As you will see the UK text is far from explicit putting it in terms of proposals for mutual guarantees made at the Geneva Conference of 1955.)[27] As Crouy-Chanel (France) put it, it was necessary to relate any non-aggression pact to German reunification, and with that in mind he said that the French reply might suggest that the directive to foreign ministers, on which the Four Heads of Governments had agreed at Geneva in July 1955,[28] might now be re-examined in preparation for a meeting at foreign ministers' level with the Russians and eventually perhaps a Summit Meeting (we do not yet have the text of the French draft). Boyesen (Norway) observed that we had usually answered previous Russian proposals for non-aggression pacts in Europe by saying that we were satisfied with the UN Charter, but he acknowledged that the Macmillan proposal, as explained by the Foreign Office, might be worth putting forward to the Russians on the understanding that there would be no question of concluding a non-aggression pact by itself but only as part of other agreements. Van Kleffens (Netherlands) also thought that a regional non-aggression pact in Europe might lead to other such pacts and a general watering down of the UN Charter, but he did not take a position on whether our replies to Bulganin should mention the possibility of such a pact.

6. The other main controversial point was, as we have said, whether to include in our replies some kind of reference to the Rapacki or Bulganin proposals for a zone in Central Europe in which atomic weapons would be prohibited. Roberts was the first to suggest that since this was the one new feature of the Bulganin letters, and since it had attracted a great deal of attention everywhere, it would be a mistake if the replies of NATO countries ignored the proposal. It was for this reason that the UK Government was proposing to make the minimum acknowledgment of the proposal by saying that it appeared to be new and that it was being studied. The Netherlands delegation thought we should only consider demilitarized zones in Europe in the framework of German reunification. He strongly opposed any weakening of the Western position or thinning out of Western forces without negotiating concessions from the Russian side, and warned that the Russians would always be in a position to intervene if there were trouble in such a demilitarized zone, just as they had intervened in Hungary.

7. The French Delegation rather took the UK side of the argument, as I did too in accordance with your instructions. The French referred to the tripartite western proposal at the Geneva Foreign Ministers Meeting on October 28, 1955.[29] In general, they questioned whether the UN was the best framework for discussing European security arrangements but they also agreed that NATO could make little progress towards defining a common position before our governments would have to reply to the Bulganin letters.

8. In the same vein, the Norwegian and UK Delegations maintained, with our support, that the Rapacki Plan should not be brushed off and that in due course, after our governments had replied to the Bulganin letters, there should be further NATO consideration of

---

[27] Voir/See United States, *Foreign Relations of the United States, 1955-1957*, Volume V, p. 524.

[28] Voir/See United States, Department of State, *Bulletin*, Volume XXXIII, No. 854, November 7, 1955, pp. 729-732.

[29] Voir/See United States, Department of State, *Bulletin*, Volume XXXIII, No. 854, November 7, 1955, pp. 729-732.

— as Boyesen put it — "what sort of thinning out in what sort of areas" in Europe might be possible. The Danish representative also urged the powers with the main responsibility for European security to take risks both as regards the outcome and the effects of entering into East-West negotiations on this subject.

9. In answer to our inquiry among others, the German representative said that the reactions of his government to the Rapacki Plan were negative. Among the questions which he thought would have to be examined further were whether the Rapacki Plan would mean in effect the withdrawal of troops presently equipped with atomic weapons or in other words the withdrawal of US, UK and other forces. He agreed with our suggestion that a military appreciation should be requested.

10. The representative of the Standing Groups said there was no doubt in his mind that if a military appreciation were formally requested, the military judgment would be negative.

11. Mr. Spaak in concluding the discussion attacked the Rapacki Plan very strongly and seriously questioned whether even a guarded reference in our replies to the fact that it was under study would not encourage the opponents of NATO who had everywhere seized on the Rapacki Plan in spite of, or because of, its extreme vagueness. It was, in his opinion, nothing more than a gross political manoeuvre. It was, however, clear, Mr. Spaak thought, that the Rapacki Plan would not only prevent the Germans from having atomic weapons but would exclude atomic weapons from allied troops on German soil, thus disarming our front line.

12. Mr. Spaak made three other comments in summing up, partly with reference to the Canadian declaration:

(a) He said that the status quo was really Khrushchev's idea and did not appear in most versions of the Bulganin letter. As it meant, at least for Khrushchev, the continuation of the division of Germany, we should be careful about giving any impression of accepting it and it was perhaps unnecessary to mention it in our replies;

(b) He agreed with us that as the ministerial communiqué in December had in effect answered Bulganin in regard to disarmament, national replies should not attempt to change the Western position (as you will see, the UK reply, by quoting only part of the Council communiqué on disarmament does give a modified and, in our opinion, undesirable emphasis);

(c) Mr. Spaak also thought that we should avoid referring in our replies to contacts through diplomatic channels. It would be good, as the Norwegian representative had said, to pursue inquiries with the Russians through diplomatic channels on matters which might be seriously negotiable but especially in public documents we also had to avoid giving any impression of entering into private bilateral negotiations with the Russians which might be damaging to NATO's cohesion. (The German representative, in his intervention, had spoken earlier of the possibility of such bilateral soundings with Moscow, although he had been careful to say his Government would consult NATO first.)

13. These were the main features of a long and interesting discussion. When Burgess said that the USA Government planned to send their reply to Bulganin on Monday, January 13, several representatives supported by Mr. Spaak asked him to see whether a little more time could not be left for further NATO consultations since, with several texts not yet circulated, it would hardly be possible for delegations to get instructions before Friday, January 10. We are to meet on Friday afternoon, January 10.

14. We expect to send you separately a few comments on the Canadian outline which I read virtually in its entirety in Council this morning, with adjustments to take into account what previous speakers had said.

[L.D.] WILGRESS

---

510. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], January 10, 1958

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
  and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice
  and Acting Minister of Citizenship and Immigration (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Leader of the Government in the Senate (Senator Haig).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

SUMMIT CONFERENCE; SOVIET PROPOSAL

1. *The Prime Minister* said he had just received from the Soviet Ambassador Premier Bulganin's proposal,[30] which had also been given to 18 other countries, for an east-west summit meeting to be held at Geneva sometime during the next three months. Bulganin's letter was very lengthy and referred to several matters, including as might be expected, disarmament. On glancing over it, the Prime Minister had said to Mr. Chuvahin that, if the Soviet government were so concerned about disarmament, why did it not open for inspection its Arctic areas as Canada had offered to do in the case of Canadian territory? The Ambassador replied that he would take this up with Moscow.

Amongst other things, the letter suggested that the following matters be considered:

(a) Suspension of tests of atomic weapons.

---

[30] Pour les extraits de la seconde lettre de Bulganin, voir *The Globe & Mail*, 10 janvier 1958, pp. 1-2.
For extracts from Bulganin's second letter, see *The Globe & Mail*, January 10, 1958, pp. 1-2.

(b) Prohibition of the use of atomic weapons as instruments of mass destruction.

(c) The establishment of an area comprising Poland, Czechoslovakia, West and East Germany, in which there would be no deployment of atomic weapons.

(d) A non-aggression pact between N.A.T.O. and the Warsaw Pact countries (this would mean recognition of East Germany by the west).

(e) Removal of all foreign troops from Europe.

(f) An agreement to prevent sudden attacks.

(g) The establishment of an area, 800 kilometres each side of a line drawn through the centre of Europe, which would be open for aerial photography.

All in all the letter was a remarkable piece of work.

2. *The Cabinet* noted the report of the Prime Minister on the Soviet proposal for an east-west summit conference to be held in Geneva during the next three months.

. . .

---

511. DEA/50128-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM S-18 Ottawa, January 13, 1958

SECRET. OPIMMEDIATE.

Reference: Your Tel Jan 11.†

Repeat London, Washington, Paris, Bonn, Hague, Brussels (OpImmediate) (Information). By Bag Moscow, Lisbon, Copenhagen, Oslo, Athens, Ankara from London.

CANADIAN REPLY TO BULGANIN LETTER

The following is the departmental draft text for the Canadian reply to the first Bulganin letter. Text Begins:

Dear Mr. Chairman

I thank you for your letter December 13 in which you set forth your views on the causes of international tension and offer a number of proposals for the normalization of the international situation and for the development of confidence between States. The Government of Canada has given thoughtful attention to the contents of this letter.

2. You deal at length in your letter with the activities of the North Atlantic Treaty Organization and you make the charge that measures are being taken by that Organization to prepare for nuclear war and that an artificially fanned military hysteria is propagated in Western countries. It is also suggested that current NATO policies will lead to the intensification of the Cold War. I do not wish to engage in extended arguments over NATO policies since the purely defensive nature of NATO has been made clear on many occasions. These charges cannot go entirely unanswered, however, and the Canadian Government wished to emphasize that the Organization has no aggressive intentions whatsoever. If it had, Canada would dissociate itself from it immediately, since such intentions would be neither in the letter nor the spirit of the North Atlantic Treaty. Since your letter arrived shortly before the NATO Council Meeting in which Heads of

Government participated, and since your various letters to member countries of NATO were clearly intended to have some influence on the proceedings, I am sure you have given careful attention to the declaration and communiqué issued at the conclusion of the session. These documents comprise an adequate response to the various accusations you have made against the North Atlantic alliance.

3. Perhaps it may be helpful in understanding our position if I supplement these NATO documents with an outline of the Canadian attitude toward NATO. As I said in the House of Commons on my return from the NATO meeting,[31] we feel that the meeting has made a substantial contribution to the cause of peace, not only by re-affirming the purely defensive character of the alliance, but by leaving the door open to meaningful disarmament negotiations. I pointed out in regard to the NATO Heads of Government Meeting that I had never seen a group of men less actuated by any other purpose than that of achieving peace. I said that the NATO Governments were prepared, not in a spirit of appeasement but in the realization of the awful realities which face us, to go as far as possible to bring about a climate and atmosphere which will ensure the laying of a foundation for international peace.

4. You will see from this, Mr. Chairman, that the question of disarmament looms very large in our minds and you will realize that we view with deep concern the unwillingness of the USSR to participate further in the disarmament discussions which seemed to show some promise of success in the middle of last year. We do welcome your advocacy of step-by-step progress but surely the first step is for the countries concerned to resume their discussions and to make use of the UN machinery created for this purpose.

5. One of your main proposals is that an obligation be adopted by the nations possessing nuclear weapons not to use these weapons and to cease the testing of nuclear weapons at a given date. We should point out that some time ago the USSR did accept the principle, in the course of discussion in the Disarmament Sub-committee, that an obligation not to use nuclear weapons might be conditional and might permit their use for purposes of defence against aggression. This is a point which certainly could be pursued further if disarmament talks were resumed. In general we continue to advocate the proposals we supported at the recent session of the UN Assembly. I would like to draw your attention, however, to the flexible approach adopted in the NATO communiqué, in order to facilitate the reopening of discussions at an early date.

6. Rather than debate endlessly the major issues on which our points of view diverge, I think it might be useful in this letter to concentrate on matters of particular concern or interest to Canada. Thus, in reference to NATO policies, you refer to the existence of USA bases on Canadian soil. I should perhaps remind you that Canada has every right to take measures of self-defence and that any actions it takes in this regard come within the provisions of the UN Charter. Our defence measures — whether taken alone or in concert with friendly countries — result from a conviction that such measures are necessary. Our readiness to bring about conditions in which the need for defence measures will be lessened was shown last summer when I gave assurance that in the context of a disarmament agreement the Canadian Government would be willing to open all or part of Canada to aerial and ground inspection on a basis of reciprocity. We were willing then and are willing now to take such action in order to provide assurance against any fears of surprise attack.

7. Perhaps not unrelated to this is your assertion that attempts to alter the status quo by force would have catastrophic consequences. Just as we are willing to agree to an inspec-

---

[31] Voir Canada, Chambre des Communes, *Débats*, 1957-58, volume III, pp. 2856-2861.
See Canada, House of Commons, *Debates*, 1957-58, Volume III, pp. 2719-2724.

tion system as a sign of our good faith, so are we able to assert that Canada rejects any attempt to impose territorial changes by force. It is not clear what comes within your definition of status quo, and this is something on which more information would be welcome, but the Canadian Government continues to be concerned about the domination exercised by the USSR over Eastern European countries. The events in Hungary of 1956 have not faded from our minds. You speak of co-existence, but if this concept means recognition of the existence side by side of capitalist and communist countries, it must also imply non-interference in the internal affairs of other countries including those of Eastern Europe.

8. The idea of the status quo is extended in your letter to cover the Mideast. Here again I would like to emphasize the Canadian interest by reminding you that Canada is making a positive contribution to stability and peace through its participation in the UNEF. We hope that no power, including the USSR, will take any step which would interfere with the important duties which UNEF is now performing with such a gratifying degree of success.

9. Within the disarmament setting, we were interested in the comments you made on a proposal put forward earlier by Poland for the creation of a zone in Central Europe free of nuclear armaments. The NATO communiqué pointed out that we are prepared to examine any proposal from whatever source for general or partial disarmament and in this spirit we would welcome further clarification of this proposal. One of the principal factors in considering the practicability of establishing such a zone would be the readiness of the participants to agree to adequate measures of control.

10. Your suggestion that a meeting of representatives at a high level could usefully be held would receive my immediate support if I were sure that beneficial results could be expected. Past experience has shown however that such meetings if they are to be fruitful must be carefully prepared through diplomatic and other channels. I am sure you are aware that a meeting of this kind which did not lead to positive agreement on at least some of the basic issues with which we are confronted might result in a public reaction more likely to heighten than lessen world tension. In order not to disappoint public opinion in our respective countries we must therefore, I submit, make sure that such a meeting be prepared in advance with the utmost care.

11. With your final assertion, Mr. Chairman — that neighbours should live in a spirit of good neighbourliness — I can certainly agree. We have been living in good neighbourliness with our great neighbour to the South for generations and would hope to develop similar friendly relations with our neighbour to the North. As is well known to you, the exchange of visits and information between Canada and the USSR over the past several years has increased considerably. Our countries have explored a wide range of exchanges in the technical, scientific, cultural and commercial fields and a number of these have been implemented. The initiative on our side has come from the Canadian people as well as from the government, and the government has never sought to interfere with the desire of any Canadian citizens to travel to the USSR. In this connection I might say that we would welcome a sign of willingness on the part of the Soviet authorities to permit freedom of movement for those persons who wish to leave the USSR and join relatives in Canada as well as for any persons in the USSR who hold Canadian citizenship. We can assure you that we are happy to continue to expand the exchange of visits that have taken place within recent months. We welcomed the recent visit of a trade group from the USSR and we hope that there can be an expansion of the exchange of goods between our two countries in keeping with the spirit of the trade agreement which was signed in 1956.[32] In due course

---

[32] Voir/See Volume 23, Document 531.

Canadian businessmen may decide to pay a visit to the USSR in order to explore further the possibilities of trade between our countries; I can assure you that the Canadian Government would be happy to be associated with such an undertaking.

12. In conclusion, Mr. Chairman, I am sure that at heart the people of the USSR share the aspirations of the Canadian people in wanting to live in peace and security and in desiring to be free to pursue their individual and national development, unhampered by the burden of armaments and untroubled by suspicions and fears. May I urge that, despite the great differences which seem to separate us on important issues, we should all work towards the achievement of a state of affairs in which these aspirations can be realized.

13. Since giving consideration to your letter I have received your further letter January 8 which was handed to me by your Ambassador last Friday; it will be studied carefully and replied to in due course. Text ends.

2. This proposed text has not yet been approved by the Minister or Prime Minister. We will send you any substantive changes that are made.

---

512. DEA/50128-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord
au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council
to Secretary of State for External Affairs

TELEGRAM 92 Paris, January 15, 1958

SECRET. OPIMMEDIATE.
Reference: Your Tel S-18 Jan 13.
Repeat London, Washington, Paris, Rome, Bonn, Hague, Brussels (Information).
By Bag Lisbon, Moscow, Copenhagen, Oslo, Athens, Ankara from London.

BULGANIN LETTERS — DRAFT CANADIAN REPLY

Council's further discussion this morning of replies to the Bulganin letters was devoted principally to discussing the draft Canadian reply. Before Mr. Wilgress left for Geneva last night he had given Mr. Spaak a copy of the draft Canadian reply (our telegram 78 January 15†) and had authorized us to table it in Council this morning with the explanation that it was a draft which had not yet received final government approval. This I did, explaining that I did not know exactly when the Canadian reply would be sent but that we wanted to circulate our draft at least 48 hours in advance, as the Council had requested. I also undertook to circulate to the Council the text of the Prime Minister's note as finally sent.

2. Consideration of our draft quickly focussed on the paragraph which deals with the Polish proposal for the creation of a nuclear-free zone in Central Europe. The German, Belgian, French, USA, Netherlands and Turkish permanent representatives, and Mr. Spaak, raised objections to the paragraph as drafted. Only Roberts (UK) expressed sympathy for our position but he pointed out that the revised UK draft reply (which he circulated later in the meeting) no longer went even as far as the USA reply on this point since the UK now proposed to say that they were studying Rapacki with a view to seeing if it contained elements which might form the basis of possible alternative proposals, instead of saying, as in their earlier draft, that they were studying the plan.

3. The German representative said that as his country was the one "most directly touched" by the Polish proposal, he very much hoped that we could delete the last sentence of the paragraph which could imply that we were accepting the Rapacki plan in principle, provided adequate control measures were added. If we felt it necessary to mention control, he hoped we could do so as only one, and not "one of the principal" factors which would require attention. His government had "very great doubts" about the Polish proposal;

(b) The Belgian representative expanded on this point by asking whether our wording would not prejudge any negotiations to the extent that we were implying before negotiations started that the Rapacki plan might be otherwise acceptable; points of substance should not be mentioned to the Russians and should only be discussed in NATO now;[33] by analyzing differences between western replies, the Soviet Government would be able to form a shrewd idea as to the margin for negotiation in the western position;

(c) The French representative questioned our reason for referring to the Rapacki plan in the context of disarmament. He thought it had even broader implications for NATO and European policy and he felt that the paragraph as drafted[34] sounded a note which was different from the position discussed in the Council;

(d) The USA representative, while praising many effective parts of the Canadian draft, said that his authorities would have trouble with the Rapacki paragraph and supported the German position. He also thought it would be better to avoid language which seemed to encourage the Russians e.g. "were interested" and "would welcome" (clarification) or which gave them openings for further propaganda;

(e) The Netherlands representative thought we sounded too "eager" and said that for his authorities it was not only the question of the practicability of the Rapacki plan but of its desirability; like the USA representative, he suggested the omission of your "welcoming further clarification" of the Polish proposal;

(f) Mr. Spaak then urged us, in the light of the discussion, to ask you to consider dropping at least the last sentence of the paragraph on the Polish proposal and instead of welcoming further clarification, to say (along the lines of the USA reply) that we and NATO were studying this and other propositions. Another suggestion put forward by Roberts and Spaak (and on which the USA put a gloss to us after the meeting), was that we might indicate that any plan such as the Polish proposal would be impossible without adequate control; however, they would clearly prefer to see the sentence deleted. He also underlined, as had the French, the political problems for Germany and for NATO strategy involved in the Rapacki plan. He agreed that the plan could not be rejected out of hand by any of us but much preferred the more generally acceptable formula that it would be "studied," while retaining your reference to the NATO communiqué indicating our readiness to examine any proposal from whatever source for general or partial disarmament. Mr. Spaak added that if he were still Belgian Foreign Minister he would certainly speak to the Polish Ambassador about the Rapacki plan. His objections were therefore not to our desire to negotiate but to the language we proposed to use in a public document.

4. In addition, a few other comments were made on our draft:

(a) *Non-Aggressive Intentions.* The Turkish representative suggested the deletion in paragraph 2 of the words "if it had, Canada would dissociate itself from it immediately since" which the Turkish representative thought implied the possibility of aggressive intent in NATO and of members disassociating from NATO. When I drew his attention to the corresponding references in the Italian and USA replies, he said he preferred them to ours;

---

[33] Note marginale :/Marginal note:
NATO solidarity? [auteur inconnu/author unknown]

[34] Note marginale :/Marginal note:
perhaps [auteur inconnu/author unknown]

(b) *Status Quo*. Mr. Spaak again suggested that it might be better to omit reference to the term "status quo" in our reply since it was by no means clear what the Russians meant by this phrase in regard to Germany. This suggestion was not taken up by many delegations but the USA was not enthusiastic about our request for further information, and the Netherlands and Greek delegations made passing reference to the need for caution in dealing with the status quo. I explained that we were mentioning the status quo because Bulganin's letter to our Prime Minister had specifically referred to it, and in order to make the point in the balance of our paragraph. There was certainly general agreement, including Mr. Spaak's, on the substance of our reply;

(c) The German representative requested us to add in any case "and the Soviet zone of Germany" to the end of our sentence in the status quo paragraph expressing Canadian concern about the domination exercised by the USSR over the Eastern European countries.[35] This idea was supported by Mr. Spaak and by the French and Belgian representatives.

5. With regard to the Rapacki plan, broadly basing myself on parts of your recent messages, and referring to our earlier statements in Council, I explained what I felt were the reasons for our Rapacki plan paragraph as drafted. At the same time I expressed our appreciation for the suggestions and undertook to report them. I said, that we felt, especially in view of the references to control in the second Bulganin letters that it was important to press the Russians on control. In any case the Western position would perhaps be improved if even the Poles were shown, as they might ultimately be, that failure to reach agreement was due to Soviet intransigence on control. It was our feeling, I said, that public opinion expects NATO to make real progress not only in maintaining our own defence but also, if possible in lessening tensions with the Soviet Union, it was for this reason that we would like to see a proposal from NATO countries which might offer the possibility of some rapprochement. We did not approve of the Rapacki plan as such and we certainly did not wish to take a position which might not be consistent with that of our partners, but we wished to give the impression that if some hopeful western proposal could be developed it would be pursued earnestly and vigorously. It was our desire to see the West begin serious negotiations with the Russians on some concrete issues susceptible of a measure of agreement; and since we ourselves had been more directly involved in disarmament negotiations than with other East-West problems, we had put our comments on the Polish proposal in the context of disarmament.[36]

6. As the Council was in effect already discussing the Rapacki plan on the basis of our draft reply, Mr. Spaak finally suggested that the Council should put this subject on its agenda for next Wednesday a.m. January 21. As the hour was late and Council was anxious to pass on to consideration of the revised UK reply, I did not think it was timely to mention in Council this morning your suggestion that the Political Advisers Committee should study these proposals at the request of the Council but we have already told both Mr. Spaak and the Chairman of the Political Advisers Committee of your suggestion and shall discuss the next move with Mr. Wilgress on his return tomorrow.

---

[35] Note marginale :/Marginal note:
accept O.K. [auteur inconnu/author unknown]

[36] Note marginale :/Marginal note:
good defence [auteur inconnu/author unknown]

7. Please let us know what changes you may be prepared to make in the Canadian draft reply as the result of the Council's discussion this morning. I assume that you will in any case be sending us a final text for circulation to the Council and that it will not be delivered to the Russians before Friday night.

[PAUL] BRIDLE

---

513. DEA/2462-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], January 16, 1958

REPLY TO FIRST BULGANIN LETTER

In the attached telegram, our Nato delegation indicated the objections that were raised in the Nato Council meeting yesterday to several points in the draft Canadian reply. I should like to suggest that a few changes be made to meet these objections. I think the alterations can be carried out without altering our position substantially.

2. These suggested changes are as follows:

Page 4, Line 1 — Add the words "and the Soviet zone of Germany" after the word "countries." (This was specifically requested by the German representative)

Page 4, Paragraph 3 — Paragraph to be changed to read as follows:

"As a member of the Disarmament Commission and Sub-Committee of the United Nations, we are studying the comments you made on a proposal put forward earlier by Poland for the creation of a zone in Central Europe free of nuclear armaments. The NATO Communiqué pointed out that we are prepared to examine any proposal, from whatever source, for general or partial disarmament and we therefore intend to join with our Nato allies in looking into the implications of this type of proposal. One factor in considering the establishment of such a zone would be the readiness of the participants to undertake an adequate system of inspection and control."

(The changes in the above paragraph were urged upon us by United Kingdom, United States', German, Belgium and French representatives as well as by Mr. Spaak on the grounds that since this proposal will be discussed in Nato and may be the subject of East-West negotiations we should not appear to comment on the substance but content ourselves with showing a willingness to study the plan. The United States' reply[37] does not go any further than this. The United Kingdom reply,[38] which is being delivered in Moscow today, now contains the following paragraph on the same point:

"The suggestion that is new is that an agreement should be negotiated between the powers possessing nuclear weapons to the effect that no such weapons should be produced or stationed on the territories of Germany, Poland and Czechoslovakia. This suggestion, which has already been put forward by the Polish Government, is open to certain obvious objections, but the British Government are studying it with a view to seeing whether there are elements in it which could be made the basis of some alternative proposal."[39]

---

[37] Voir/See United States, Department of State, *Bulletin*, Volume XXXVIII, No. 970, January 27, 1958, pp. 122-127.

[38] Voir/See United Kingdom, Parliamentary Papers, Cmnd. 381, *Correspondence between the Prime Minister and Mr. Bulganin, December 11, 1957 to February 8, 1958*, London: Her Majesty's Stationery Office, 1958, pp. 24-26.

SIDNEY SMITH

SECTION B

ORIENTATION DES POLITIQUES ÉTRANGÈRES ET NATIONALES
FOREIGN AND DOMESTIC POLICY TRENDS

514. DEA/50170-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 9, 1957

CHANGES IN SOVIET PRAESIDIUM AND COUNCIL OF MINISTERS

Events Following the Central Committee Meeting, and Personalities Involved

The following have been the changes in the Soviet leadership resulting from the Central Committee meeting of June 22-29:

(a) Molotov, Malenkov, Kaganovich and Saburov have been removed from the Praesidium and Central Committee;

(b) Pervukhin has been demoted to alternate (non voting) membership in the Praesidium;

(c) Shepilov has been dismissed as Secretary to the Central Committee and deprived of membership in the Committee.

2. Molotov was the only remaining member of the Praesidium who had worked with Lenin. He has been a member of the Praesidium (formerly Politburo) since 1921, was Chairman of the Council of Peoples Commissars (Council of Ministers) 1930-41, and first deputy chairman thereafter. He was foreign minister 1939-49 and 1953-56, when he was replaced, because of his well-known opposition to Khrushchev's policy of détente and

---

[39] Pour le texte final de la réponse du Canada à la première lettre de Boulganine, voir Canada, Ministère des Affaires extérieures, *Affaires extérieures*, vol. 10, no. 2, février 1958, pp. 42 à 44.

For the final text of the Canadian reply to Bulganin's first letter, see Canada, Department of External Affairs, *External Affairs*, Vol. 10, No. 2, February 1958, pp. 42-44.

Les efforts Est-Ouest en vue de la convocation d'une réunion au sommet sont demeurés vains en 1958. Le ministère des Affaires extérieures a demandé au Groupe de travail relatif à la Conférence au sommet — qui s'est réuni dix-sept fois entre février et novembre 1958 — de suivre la progression des conférences au sommet. On peut trouver le procès-verbal de ces réunions dans MAE/50346-1-40. Les opinions de plusieurs hauts fonctionnaires du MAE concernant l'intention soviétique de proposer un sommet sont documentées dans la section suivante.

East-West efforts to convene a summit meeting were unsuccessful during 1958. The Department of External Affairs commissioned the Summit Conference Working Group — which met seventeen times between February and November 1958 — to monitor the progress of summit talks. The minutes of these meetings are found on DEA/50346-1-40. The opinions of several senior DEA officials concerning Soviet intentions in proposing a summit meeting are documented in the following section.

reconciliation with Yugoslavia, by Shepilov. He was appointed Minister of State Control, an essentially administrative supervisory job, in June 1956.

3. Malenkov came into prominence in 1939 as secretary to the Central Committee, became a member of the Council of Ministers in 1944 and of the Praesidium in 1946. He was made Premier (Chairman of the Council of Ministers) when Stalin died, and was replaced in this office by Bulganin early in 1955. He then became Minister of Hydro-electric Stations. As premier he was associated with a policy of increased production of consumer goods, and lost his post because of opposition to this policy by those who favoured heavy industry.

4. Kaganovich, a Jew and a brother-in-law of Stalin, has been a member of the Praesidium since 1930. Since Stalin's death he has stood out as one of the most conservative of the leaders. His whole career has been devoted to the planning and organization of Soviet industry and the economy in general, and he is thought to have been one of the ablest organizers and administrators produced under Stalin's régime. During 1955 and 1956 he was chairman of a committee responsible for labour planning.

5. Shepilov, a member of the Central Committee and editor of *Pravda* from 1952 to 1956 is known mainly as a propagandist and party theoretician. He replaced Molotov as Foreign Minister in June 1956, and was himself replaced by Gromyko in February 1957, when he became secretary to the Central Committee. His removal from the Foreign Ministry is not thought to have been a demotion or a result of failure of his policies.

6. Saburov was Chairman of *Gosplan* (the State Economic Planning Commission) from 1949 until December 1956. During that time he was responsible for the general methodology of Soviet economic planning. He and Pervukhin became members of the Praesidium in 1952, and were the only two newcomers to retain their places after Stalin's death.

7. Pervukhin has been a member of the Council of Ministers since 1939, and of the Praesidium since 1952. He is thought to have been closely associated throughout his career with Kaganovich. In December 1956 he replaced Saburov as Chairman of *Gosplan*, but in March last was removed from this position when the Khrushchev industrial decentralization plan was announced.

Accusations

8. In general terms, Molotov, Kaganovich and Malenkov (and by implication Shepilov, Pervukhin and Saburov as well) are charged with obstructing the fulfillment of the decisions of the 20th Party Congress. According to the Kremlin communiqué of July 5 announcing the dismissal of the group, they are guilty of obstructing the development of peaceful co-existence, opposing decentralization of Soviet industry, opposing the granting of material incentives in agriculture, and opposing the abolition of all manifestations of the cult of personality. The main burden of accusation fell on Molotov, who, according to the communiqué, had rejected the idea that there may be different paths to socialism in different countries, opposed the reduction of tension in international affairs by personal contacts between Soviet and Western leaders, opposed Soviet reconciliation with Yugoslavia, opposed the conclusion of a state treaty with Austria and of a peace treaty with Japan. Kaganovich, Malenkov, and on some occasions Shepilov, were said by the communiqué to have joined Molotov in his intransigence on many of these points. The four are otherwise not individually accused of specific shortcomings, except Malenkov, who on July 6 was accused by Khrushchev of having been implicated in the 1948-49 Leningrad plot. In addition, all four of the dismissed leaders are said to have opposed the economic and cultural development of the union republics of the Soviet Union (and it is interesting in this connection to see that in the new Praesidium, there is increased representation from the non-

Russian Soviet nationalities). Finally, the four are said to have resisted measures taken by the government to combat bureaucracy and to reduce the inflated state apparatus, and they are said to have been opposed to the establishment of "socialist legality," the term which has been used since the 20th Party Congress to mean the reduction of the arbitrary methods used by the police and the courts under Stalin. When they found that they were unable to prevail in any of their reactionary ideas, the four are said to have resorted to "collusion and intrigue" to "change the composition of the Party's leading bodies," that is, to overthrow Khrushchev in the Praesidium. Thus, concludes the communiqué, these four were dismissed by the Central Committee from their position of trust in the Party and Government. Nothing is said about Saburov and Pervukhin, who were presumably less active and less dangerous in the anti-Khrushchev group.

Interpretation

9. The drastic nature of the industrial reorganization and decentralization is probably the main cause of this upheaval in the Praesidium. We know from the report of a Polish defector that at the Central Committee plenum of July 1955, Molotov stood alone in opposing, as he had since 1948, a policy of reconciliation with Yugoslavia and détente in relations with the West. It is not very likely that then or now any of the other demoted leaders were prepared, on foreign policy grounds alone, to support him against Khrushchev. It is much more likely that Kaganovich, Malenkov and Saburov, worried by Khrushchev's new agricultural policy (including the new lands venture) and thoroughly alarmed by the plans for decentralization, found in Molotov an additional voice for their anti-Khrushchev group, even though Molotov's differences with Khrushchev were mainly on foreign rather than domestic issues. Of course, as Minister of State Control, and as one of the most Stalinist of the Soviet leaders, Molotov would be well aware of the dangers of industrial decentralization.

10. The policy towards the Satellites may also have provided a rallying point for Khrushchev's conservative opposition in the Praesidium. The decision to crush the Hungarian revolt was one in which Khrushchev doubtless concurred, but his concurrence should be viewed rather as a temporary aberration from the policy which he espoused than as a change of heart in favour of Stalinist rigidity. That the loss of Hungary (with no compensating loss to the West) was intolerable for the Soviet Union is obvious. But there must have been in the Praesidium grave misgivings about the policies which had made possible the Hungarian and Polish developments of last autumn, especially the policy of reconciliation with Yugoslavia. However, it is not likely that there would have been downright defiance of Khrushchev on these grounds alone, since only Molotov felt the policy to be totally wrong. Only the new law of industrial decentralization could have brought into the open the hostility of so large a group in the Praesidium.

11. One can see in the provisions of the law concerning decentralization the concern which its framers felt for the maintenance of overall control at the centre, even though decisions about the actual operation of the country's economy were henceforth to be taken regionally. Khrushchev, in his defence of the "theses" at the recent meeting of the Supreme Soviet, insisted that in no sense would the reorganization cause any loss of real power at the centre, that the theses were entirely compatible with the "democratic centralism" of Lenin. Nevertheless, to a man like Kaganovich, with long practical experience in the management of Soviet industry, there must be terrors in the prospect of a hundred or so almost autonomous economic regions across the country, however more efficient they may be than the abolished central ministries. Even though the boundaries of the Union Republics do not necessarily coincide with those of the new economic regions, there is little doubt

that the existence of the economic regions will place more power in the hands of the republican governments.

12. It would obviously be a mistake of oversimplification to say that these changes are a simple purging of Stalinists from the leadership, if by Stalinist is meant one who would favour a return to the Soviet Union of 1952. Most probably not even the most reactionary of the guilty six would wish for that, realizing that the methods of Stalin had brought the Soviet Union to an *impasse* both at home and abroad. The word Stalinist, applied to these six, can mean little more than the conservatism of men who have been shocked by the magnitude and recklessness of Khrushchev's recent changes in domestic and foreign policy. At home the virgin lands gamble (still far from assured of success), industrial decentralization, and a degree of intellectual freedom; abroad, reconciliation with Yugoslavia, toleration of Gomulka, and perhaps willingness to negotiate seriously on issues of disarmament and European settlement — these are the works of a leader with unbounded optimism for the future, and small regard for the past. A member of the Praesidium need be no Stalinist, in any strict sense, to deplore what must seem to him irresponsible gambling with the gains of the past twelve years.

13. In spite of the rash of speculation in the press about a probable connection between the Praesidium purges and the recent pronouncements of Mao Tse-tung,[40] it seems unlikely that these two had anything to do with one another. It is now, of course, easy to see why Khrushchev suppressed, in the version published in the U.S.S.R. of his American TV interview,[41] his denial of the existence in his country of "contradictions" between the leaders and the people, but it would be fanciful to suppose that the purge resulted from a wish of Khrushchev's to let "a hundred flowers" bloom in the Soviet Union. However, there is no doubt that the Chinese leadership is gratified by the purge, which will make it easier to bridge the growing ideological gulf between the two countries.

14. Any attempt to make a chronology of the events, within the Central Committee and the Praesidium, which led up to last week's dismissals, would be purely guessing. There has, however, been evidence of seriously divided opinion, and signs that at one stage, probably during the Central Committee meeting of last December, Khrushchev's faction found itself in a minority. There took place as a result of that meeting a series of changes in the Soviet economic administration, resulting in the temporary ascendancy of Pervukhin (one of those dismissed from the Praesidium) in Soviet economic affairs. But within three months Khrushchev had laid before the Supreme Soviet his plans for industrial decentralization, Pervukhin had been relegated to the background, and the top economic job (director of *Gosplan*) had gone to a less well known man, Kuzmin. Very probably this, together with other objectionable Khrushchev policies and a good deal of ambition and opportunism, forced matters to a head at the meeting of the Central Committee which took place on June 22. The decision to purge the guilty six came (according to Khrushchev by vote) on June 29, and the Soviet people were informed of it in *Pravda* on July 4. The support of the army (evidenced by Zhukov's elevation to voting membership in the Praesidium and the violence of the denunciation of the "conspirators" in the Soviet military newspapers) doubtless contributed in large measure to Khrushchev's success in overthrowing those who opposed him, and to the confidence manifest in his paying, with Bulganin, a visit to Czechoslovakia so soon after the shake-up.

15. Until July 6, most people in the West, and probably in the Soviet Union too, wondered what fate would be reserved for the deposed leaders. It seemed possible that Molotov

---

[40] Voir/See *The New York Times*, June 19, 1957, pp. 13-15.

[41] Voir/See *The New York Times*, June 3, 1957, p. 6.

and Kaganovich, being older men and presumably not popular in the U.S.S.R., might be induced to retire decently into the shadow. Malenkov, a young man whose name in the Soviet Union is associated with more consumer goods and a better material life for all, and who is known in the West as the most subtle and personable of the former leadership, poses a harder problem. The answer to this problem was produced on July 6 by Khrushchev, when he accused Malenkov of being associated in guilt with Beria and Abukumov in the Leningrad plot of 1948-49. Whatever truth there is in the charge (and there is probably a good deal) there is obvious danger in it for Malenkov, and it seems certain that he will be silenced by Beria's fate, or by the threat of it.

16. One result of the dismissals is certainly a more powerful Khrushchev than ever before. The new Praesidium, increased from 11 to 15 members, now contains none of the old powerful figures save Mikoyan, who has been associated with the more liberal policies of Khrushchev. Its new members are of Khrushchev's picking, several of them apparently chosen because they were of non-Russian nationality. (The three offenders are accused of resisting "the Party's firm course toward the more rapid development of economy and culture in the national republics"). Marshal Zhukov is, of course, the outstanding exception. It seems likely that Khrushchev will attempt to preserve at least the appearance of collective leadership, and that he will be unable to launch important new policies without the consent of at least Marshal Zhukov. Furthermore, as long as the deposed leaders are alive, they will constitute a force and represent a body of opinion which Khrushchev will doubtless have to take into account when he is forming policies. One might say, therefore, that although the Soviet Union is more completely under the control of one man than at any time since the death of Stalin, Khrushchev will nevertheless have to compromise with the opinions of others in a way that Stalin did not. It is unlikely that Marshal Zhukov aspires himself to lead the country. So long as the interests of the army are considered when decisions are taken, and the traditional conservatism of the army is not outraged by extreme policies of Khrushchev's devising, one can imagine that Marshal Zhukov will be content with the large measure of power and influence which have come to him as a result of these changes.

17. It is reasonable to expect that, if Khrushchev is able to maintain his new pre-eminence, we can look for increased Soviet vigour in pursuit of the policies which are associated with him. We can expect an unrestrained effort to accomplish the economic ends which Khrushchev has made clear are close to his heart — at home, equality with the United States in per capita production, especially of agricultural products; abroad, competitive coexistence until world socialism is achieved. The liberalization of domestic and foreign policy which both these objectives demand, and the dangers for Communism and the Soviet empire inherent in that liberalization, are the price which the Soviet Union must pay in the coming years for the pursuit of power in the world. The foreign policy which we have come to associate with Khrushchev during the past three years, and which was interrupted by Hungary, will probably continue. However, Khrushchev has warned that the West need not expect the Moscow changes to bring about concessions from the Soviet Union. Zorin's objection today in the Disarmament Sub-Committee to the Western proposal for a ten-month moratorium on atomic weapons testing may be designed to emphasize Khrushchev's remarks. The dissolution of NATO and the withdrawal of United States forces from Europe, the economic and political penetration of the under-developed countries of Asia and Africa, and attempts to overcome the set-back of Hungary by persuading Western peoples of the peaceful intentions of the Soviet Union — these are the bases of the foreign policy which Khrushchev has pursued in the past and which we can

reasonably expect him to pursue with even more ardour now that he is disembarrassed of his most serious opposition in the ruling bodies of party and government.[42]

J. L[ÉGER]

---

515. DEA/50128-40

L'ambassadeur en Colombie
au secrétaire d'État aux Affaires extérieures

Ambassador in Colombia
to Secretary of State for External Affairs

DESPATCH NO. 398 Bogota, October 18, 1957

CONFIDENTIAL

A RE-EXAMINATION OF THE BALANCE OF POWER

I have taken the liberty of putting down a few ideas which occurred to me as a result of the developments of the past year which have made clear the shift in the relationships between the more important powers which has taken place since the war. I have attempted to prove that the basic assumptions on which the West has proceeded to formulate policy during the last ten years are no longer valid and that we cannot hope to win the coming economic, ideological and political struggle with the Soviet Union unless we first adjust our assumptions to the reality of to-day's world.

2. One of my theses is that the technical parity between the two super-powers will in the long run force the acceptance of peaceful competition on the two blocs. The best we have been able to do during the period in which the ultimate weapon was in the possession of the West, has been to prevent a Soviet advance. The Russians never showed any tendency to be intimidated by our superiority. There is a chance, now, however, that they will accept the necessity of compromise because of the strength of their own position.

3. This does not mean that we will not pass through a very dangerous and difficult period, first, because of the continuing existence of danger spots such as the Middle East (which might have been avoided if we had accepted the necessity of consultation with the U.S.S.R. two years ago), the initial cockiness of the Russians because of securing an edge over the West, and finally because of the uncertainty of the situation inside the Soviet Union.

4. If we do successfully survive this period, then we will be presented with a radically new situation and it is primarily of this that I have written in my memorandum. I submit it very tentatively as a small contribution to the re-assessment that you presumably will have to make in Ottawa prior to the December ministerial meeting of NATO.

R.A.D. FORD[43]

---

[42] Note marginale :/Marginal note:

PM has read and remarked that this is an excellent paper. TWW [Thomas Wainman Wood] 12.7.

[43] R.A.D. Ford, ancien chef de la Direction de l'Europe et futur ambassadeur du Canada à l'Union Soviétique, est demeuré l'expert prééminent du département relativement aux Affaires soviétiques pendant la période couverte par le présent volume en dépit de son affectation en Colombie.

R.A.D. Ford, a former Head of the European Division and future Canadian ambassador to the Soviet Union, remained the pre-eminent departmental expert on Soviet affairs during the period covered by this volume despite his posting to Colombia.

[PIÈCE JOINTE/ENCLOSURE]

Note de l'ambassadeur en Colombie

Memorandum by Ambassador in Colombia

CONFIDENTIAL Bogota, October 15, 1957

A RE-EXAMINATION OF THE BALANCE OF POWER

In the last twelve months three events have occurred dramatically illustrating the fundamental changes which have taken place in the distribution of power throughout the world — the Middle East crisis, demonstrating the decline of France and the United Kingdom; the great increase in the number and influence of the Free Asian-African nations; and the achievement in the Soviet Union of technical parity with, if not superiority over, the United States.[44]

2. The Western Alliance was formed on a series of basic assumptions related to the political and economic situation in the first post-war decade. These were, first, the necessity to concentrate on the main problem — the containment of Soviet aggression in a military form; second, the technical superiority of the United States, which meant in the final analysis the ability to threaten the U.S.S.R. with complete destruction; third, the acceptance of France and the United Kingdom as world powers, not of the first rank but nevertheless as major forces, and the elimination of a number of important countries from any effective voice in world affairs; and, fourth, the acceptance of the concept of a world divided into two camps, the Western bloc and the Soviet bloc, with the rest of the world, a relatively passive area, being obliged eventually to take sides in the struggle for supremacy.

3. The three developments I mentioned have been taking place during the period in question, but have been obscured by the obsession of the West with the Soviet menace, and by our fascination with the mysterious monolithic power of the U.S.S.R. The events of the past year or two have, among other things, shown us the fragility of the Western Alliance in the face of a relaxation of pressure from outside, and, at the same time, unexpected centrifugal tendencies in the Soviet bloc. Since the West has always tended either to overestimate or to underestimate the might of the U.S.S.R., this is perhaps a good time to examine its strengths and weaknesses, as well as those of the Western Alliance, and the position of both groupings in a world no longer dominated by Europe and North America.

4. The basic problems connected with the rapid decrease of European predominance in the world are only now beginning to be fully appreciated as a result of the Middle East crisis, though the decline has clearly been under way for some time. The suicidal tendency shown by France and the United Kingdom in the Suez affair, and the trend of events in French North Africa may well be the death toll of Western European colonial empires and perhaps even of the position of the United Kingdom and France as great powers. What we are seeing is a rapid shrinkage of the worldwide influence of these countries, somewhat comparable to that of Spain in the 18th century, and both may soon be left with little more than small colonies of relatively secondary importance. How long they can survive as even second rank powers if they insist on carrying the military and economic burden of great powers is a question for conjecture.

5. The major problem of the Western Alliance — the maintenance of its strength and unity in the face of a rapid and inevitable weakening of two of its major components — is

---

[44] L'Union soviétique a lancé le satellite Spoutnik, le 4 octobre 1957.
The Soviet Union launched the *Sputnik* satellite on October 4, 1957.

further complicated by minor squabbles arising in part out of its democratic nature, and in part as a result of the disintegration of empire. The question of Cyprus, for example, has a direct bearing on the strength and unity of NATO in the Eastern Mediterranean, and is likely to hamper the effectiveness of co-operation between Greece, Turkey and the United Kingdom until a solution is found, unless tension mounts again to such an extent that the primary danger makes it take a secondary place.

6. The question of Algeria has long clearly been more than a domestic problem of the French, inasmuch as the French contribution to the NATO forces in Europe has been reduced to practically nothing in order to reinforce the French position in Algeria. At the same time the drain on French economic and military power represented by the continued war in Algeria cannot but have an immediate relationship to the strength of NATO alliance. Equally, if France is forced out of Algeria, after its retreat from Tunisia and Morocco, she would be quickly reduced almost to the status of Italy. The psychological impact would be nearly as great and might easily lead to the overthrow of democratic government in France, possibly by the Communists, more likely by a right-wing combination.

7. This process of decline has already been at work in the United Kingdom, but more slowly and steadily, except for the Suez escapade, and the results in a reduction of political, military and economic power cannot yet be fully estimated. They are likely to be as great relatively as in France, though again not so spectacular.

8. The effect on NATO, and on Canada and the United States is going to be unmistakable, and deplorable, since anything which weakens France and Britain inevitably weakens their transatlantic partners in a world in which two diametrically opposed systems compete for power. I do not suggest that this process would be stopped or reversed. But it ought not to be precipitated, if we can help it.

9. The decline of France and the United Kingdom is being accompanied by the rise of Western Germany in terms of economic and political, and eventually in military power. French military and political impotence will mean an even greater temptation on the part of the United States to treat Germany as the senior and most reliable partner on the continent in the NATO alliance. It will be a matter principally of luck if the Germans after Adenauer do not exploit this situation to consolidate their position of pre-dominance in the alliance. It is possible that the strain this will create can be off-set by the development of European economic and political co-operation, but this is problematical. At any rate the gradual disappearance of the extra-European commitments of France and the United Kingdom should help the process towards European unity.

10. The process of re-adjustment in Western Europe is going to be difficult, but if it is successful will create an area which cannot be underestimated or judged in terms only of the precipitate decline of its two greatest representatives. It will remain the single greatest area of concentrated wealth and brains in the world.

11. The second development is, of course, the achievement by the U.S.S.R. of technical superiority over, or at least parity with, the United States in the field of the ICBM and the earth satellite, and the hydrogen bomb. Any edge the Russians may have in the first two will no doubt soon be destroyed by United States and Western scientists, but so will the United States edge with the hydrogen bomb. Thus we must now accept finally and unequivocally the fact of stalemate in the "ultimate" weapon. United States diplomacy must for once and for all discard the concept that in the final analysis the Russians would have to give way because of the possession by the Americans of the weapons which would permit them to annihilate the Soviet Union.

12. At the same time we should not be struck dumb with awe at these Soviet achievements. The paradox of the Soviet system remains, but it is simple enough. The Russians concentrate their not inconsiderable supply of brains and talent on those projects they consider essential, and, with practically unlimited financial resources, they are able to produce these military and scientific marvels. At the same time there is only a rudimentary road system, no plumbing that really works properly, and a vast shortage of practically all those items the West now considers an integral part of their way of living. If Canada and the United States were to concentrate the talents in engineering and science now frittered away on producing the "Edsel" car, or an improved toaster, we could probably have constructed a rocket to the moon by now.

13. The events in Hungary and Poland and their repercussions inside the Soviet Union vividly revealed the contradictions and difficulties within the Soviet bloc. I have already commented on these problems in a recent despatch,† but would like to add a few words here about the problem inside Russia, of which the economic question undoubtedly poses the greatest difficulties. The scrapping of the last five-year plan, the drain imposed by the European satellites and China, the de-centralisation of industry, and the failure of agriculture, in spite of all the time and energy devoted to the problem in recent years, to keep pace with population growth, are simply some of the symptoms of the difficulties. But perhaps most important is the slowing down of the rate of increase in the economy, and of labour productivity, which is essential to Soviet economic and political planning. Added to this is the absolute decrease of many hundreds of thousands in the labour force now commencing. Next year the seventeen-year olds born in 1941 will start entering the labour force and for the following four years the terrible toll of the war will show its effect. This cannot but have an important influence on the economy of the country.

14. Nevertheless, the economic difficulties are not so important in the long run as the political and psychological problems. In the first category is the failure of Soviet Communism to solve the question of the peaceful transmission of power, and unless this can be evolved (and they have had 40 years to experiment), the economic achievements will be derisory. Tied in with this is the stirring of a demand for intellectual liberty and a better life, and freedom from the constant tensions and uncertainties of the last four decades. All of this limits the area in which the Soviet leaders must work.

15. In discussing a new officer Napoleon once said, "I know his qualifications, but is he lucky?" Khrushchev by all the standards of Russian history is certainly lucky. The achievement of the ICBM and the satellite are exactly what he needed not only to strengthen his hand in dealing with the West, but in diverting attention from internal difficulties by being able to exploit the pride of the Soviet people in the accomplishments of their country.

16. For the moment the realisation that the two super-powers each possess, or will shortly possess, the weapons required for their own complete destruction should increase the polarisation of power between Moscow and Washington. In the ultimate analysis nothing else counts. It ought at the same time to have the result of convincing both sides finally that war is an impossibility, and if it has this result it will have achieved a very useful purpose. But if it does accomplish this, then it follows that the logic behind much of the Western Alliance structure will have to change since it is predicated on a diplomacy aimed at preventing Soviet expansion, and providing a shield to prevent actual military aggression. In spite of the reasoning of many Western strategists that our best hope in dealing with the Russians is to proceed only from a position of superior strength, it has proved in practice that that is useful only as a means of preventing Soviet advances, not of achieving Soviet retreats. The Russians are more likely to consider compromises in the field of dis-

armament as well as politics, when they feel as strong as or stronger than, the West. They may now have satisfied themselves on this score.

17. The longer term result of the stalemate in weapons, if it does rule out the possibility of war as a conscious means of achieving political aims, may therefore be a decrease in the almost absolute polarisation of power between Washington and Moscow. And if that happens (gradually, of course,) we will be presented with a picture of international power relations vastly different from that of the past decade.

18. In the first place the concept of a Big Four or Big Five will have to disappear. In Europe West Germany will very shortly be as powerful and influential as the United Kingdom and France, and the latter will be closer in status to Italy than to the United Kingdom or Germany. And in Asia, Japan, China and India will all exercise a much greater role and influence in international affairs. In the final analysis it will continue to be the U.S.S.R. and the United States which will control the fate of mankind, but so long as the idea of peaceful co-existence is accepted or imposed, the smaller powers will have greater liberty of action within the basic frame-work.

19. If this analysis is accurate it carries very serious implications for Canada and for the NATO Alliance. While the immediate effect may be to frighten the West into closing ranks, eventually the logic of the situation will impose itself, and a new period of détente will follow during which the strains and stresses within NATO will rapidly re-appear, not only in the form of such issues as Cyprus, Algeria and United States bases in Iceland, but over the role of ground forces, the size of the NATO shield, the value of overseas bases, the weight of the economic contribution of various countries, and indeed the efficiency or usefulness of NATO protection in general. To this can be added increasing restlessness inside Germany with regard to the division of the country, and, if NATO became less effective, pressure to bargain membership in NATO against restoration of German unity. This pressure may increase in any event if Germany re-arms and feels less absolute dependence on NATO for its defence. Finally, there could be an increase in European neutralism in the light of the power of absolute destruction held in the hands of the two giants. Already Tito, who a few years ago was secretly urging that NATO should remain strong, has moved away from association with the Balkan Pact, and the Western powers. As Vandal once said: "Toute alliance nait de haines partagées." There never has been a military alliance which has been able to maintain its unity and strength in peacetime, and I do not believe NATO would be able to break this record if the world had to recognise the impossibility of war.

20. The second concept which will require re-consideration is that of the absolute division of the world into two opposing blocs. Obviously there always have been large uncommitted areas but we, or at any rate the Americans, have proceeded on the assumption that "who is not for me is against me," though we have at least progressed beyond Mr. Dulles' original view, on taking office, that neutralism was in some way morally reprehensible.

21. It has been this point of view which has made relations between the United States and the Asian countries, particularly India, so difficult. There will be even less inclination in the future on the part of these countries, and the emerging nations of the middle East and Africa, to make firm commitments in the struggle between the two great powers. It is reasonable to suppose that the Russians will concentrate even more than they have in the past on strengthening their political and economic positions in these countries and a major task of our diplomacy will be the countering of their offensive. But to do so successfully will require a complete re-examination of our basic assumptions.

22. In the first place, I think we ought to recognise that India and Japan are major powers (if we accept that there are only two really great powers), and that the countries of Asia,

Africa and the Middle East now constitute a really vital sector of world opinion. In the second place we must abandon the attempt to force these countries into a position of military or political commitment, and recognise that they can serve our cause just as effectively if they remain neutral. The peaceful struggle with Soviet Communism is going to be very difficult. The least we can do is to start off on a basis which will give us a chance of better odds with the Russians, and that is by recognition that it is quite possible that a position of neutrality can serve not only the interests of certain countries, but also of the West.

23. To turn to the specific effect on Canada of the new relationship between the powers which is likely to grow up, we can argue that in one sense the increase in freedom of action available to smaller powers, either within or without the two big blocs, will increase and that Washington will have to pay a higher price diplomatically for their co-operation. In a more fluid political situation there ought to be greater opportunities for countries like Canada, which even in the period of greatest political rigidity were able to act as restraining influences, to play a greater role than ever before.

24. If the United Nations continues to be an important forum for resolving international questions, as seems likely, then the influence of countries like Canada which have no taint of "colonialism" or "imperialism" and have good friends among the neutrals will greatly increase.

25. On the other hand, the special role of Canada has been built up at least in part as a result of the elimination of two great powers for the past twelve years (Germany and Japan), by the weakening or ostracising of other countries (France, Italy, Spain), and by the diplomatic impotence of China. If, however, a situation grows up in which these powers, plus India, are able to play a more independent role, then Canada's position might suffer in relative, though obviously not in absolute, terms. There is also the fact that our special defence relationship with the United States is bound to limit our freedom of action much more than other countries. It would mean that we would have to maintain a very careful equilibrium between independence of action from Washington, and the retention of our special influence there.

26. Fortunately, the same process of a loosening up of power relationships is going to happen in the Soviet bloc as in the West. The East European satellites have already demonstrated a desire for greater freedom of action from Moscow, and in a period of "détente" this might develop gradually, though there will be strong ultimate limits imposed by Moscow. Similarly, we might expect in a period of "peaceful co-existence" a greater degree of independence to be shown by Peking. At the same time Moscow would have to pay greater attention to the sensibilities of all members of its bloc.

27. What one can conclude from this analysis is that we are moving into an era of much greater flexibility in which, paradoxically enough, the very over-whelming power held in equal strength by the two super-powers in a way balances out and permits greater independence to the second rank powers in which we must place the United Kingdom, France, Germany, Japan, China and India, and possibly Italy and Canada. Insofar as Canada is concerned it will be a period during which our diplomacy will need to be particularly skillful and flexible if we are to maintain and strengthen our international position in a far more competitive struggle.

28. For the West as a whole it will be a period of considerable danger. Unless we can move from the semi-paralysed posture in which we now find ourselves to a position from which an advance is possible, we run the risk of gradual atrophy. Personally, I think we will be lucky, even with great skill and diplomacy, to keep the Asian, African nations neutral. The only area where we have a good chance of re-gaining ground is in central and

eastern Europe, and this may prove to be the area of the greatest importance in the struggle with Soviet Communism.

29. Unfortunately the base from which we work, NATO, was constructed, and has been functioning, almost exclusively as a defensive arm against Soviet expansion and it seems unlikely that it can be converted into the kind of instrument necessary for making an advance in Eastern Europe. But this is the only area in which any real hope of advance lies, and we must take advantage of it unless we want to run the risk not only of seeing the Russians beat us at the game of "peaceful co-existence," but of seeing NATO become weaker and weaker at no gain to the West.

30. In retrospect, I think we can safely say that the West made a blunder in not using its tremendous economic and technical superiority in the first five post-war years to force the Soviet Union to remain within its borders. It is equally clear that Stalin would never have accepted co-operation with the West. Now we have little choice, but in peaceful competition with the U.S.S.R., the latter will always have the advantage of a dynamic political and economic theory which, though largely discredited in the West, still has the appeal of the unknown, and the successful, to the Orient. Therefore, if we are simply prepared to adopt defensive positions, we run the risk of being slowly pushed back. Our best chances lie in Eastern Europe, but to make any advance there we must be prepared to take very great risks, with NATO, and with Germany, because we obviously are not going to be able to go forward unless we are prepared to compromise with the Russians. The other alternative is to remain firm in Europe, hoping that eventually the inconsistencies and difficulties inside the Soviet bloc will come to a head and permit a Western advance.

31. The Soviet system is evolving and maturing. It may develop in the direction of a society which will be more interested in building a better life inside Russia than in spreading world communism. It may lead to a more violent Russian nationalism which would be as difficult to deal with as Soviet Communism. But one fact is indisputable and that is that the Russians, no matter what the form of government they evolve, have finally achieved that balance with the United States which Alexis de Toqueville predicted over one hundred years ago and which must be accepted as the basic fact from which we have to work out a means of survival.

R.A.D. FORD

---

516. DEA/50170-40

Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Colombie

Under-Secretary of State for External Affairs
to Ambassador in Colombia

PERSONAL AND CONFIDENTIAL Ottawa, December 11, 1957

Dear Robert [Ford],

I found the policy paper you sent forward with your letter of October 18 a most interesting document and I want to thank you for the great amount of time and thought you have obviously devoted to its preparation. The paper arrived at an opportune time indeed, with preparations then being made for the Minister's first speech in the House,[45] for the NATO Heads of Government meeting,[46] and for a conference by the Minister with our European Heads of Mission. Copies were given to the Minister and to the divisions concerned.

I was particularly interested in your statements in paragraphs 9 and 10 about the growing strength of Germany compared with France and the United Kingdom, and about the importance of European economic and political cooperation in relieving the tensions created by this trend. We remain convinced of the importance of promoting European cooperation. At the moment we are concentrating somewhat on the proposed Free Trade Area; we must try to ensure that it does not too greatly curtail Canada's European markets.[47]

Your forecast of the ultimate changes in international power relations resulting from the stalemate in weapons provided a stimulating analysis and one that leads to some truly interesting lines of thought. I agree that the developments you describe may well present Canada with the opportunity of exercising an influence in certain fields and with the responsibility of striving to overcome any tendencies toward political rigidity we find in our own policies and in the attitudes of the nations with whom we are associated.

I hope you will continue to turn your mind to these and other questions; it would be a shame if you felt your thinking should be kept within the formal limits of your "present jurisdiction." We are confronted with many broad problems these days and we welcome any help you can provide in finding the right solutions.

I am off to Paris tomorrow with the Minister for our meeting with the European Heads of Mission and then the NATO meeting.

With warmest regards.

Yours sincerely,
JULES LÉGER

---

517. DEA/50346-1-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], March 24, 1958

A NOTE ON SOVIET INTENTIONS FOR THE SUMMIT

There is one aspect of our study of Soviet intentions with respect to a Summit Conference which worries me; that is the extent to which Soviet intentions are firm or transient.

2. We are very much concerned, and rightly so, to determine just what the Russians have in mind. We consider it most important to know whether or not they really want a settlement leading to a détente, whether they want a settlement leading to genuine peaceful coexistence or whether they merely want to relax our guard so that they may pursue nefarious aims with less interference.

---

[45] Voir Canada, Chambres des Communes, *Débats*, 1957-1958, volume II, pp. 1590 à 1599.
See Canada, House of Commons, *Debates*, 1957-1958, Volume II, pp. 1511-1520.

[46] Voir volume 24, chapitre II, 4e partie./See Volume 24, Chapter II, Part 4.

[47] Voir volume 24, chapitre IV, 1ère partie./See Volume 24, Chapter IV, Part 1.

3. It is inevitable that our search for truth leads us for the most part to analyzing the mind of Nikita Khrushchev. He is undoubtedly the most important element in any definition of Soviet policy, and no estimate of Soviet intentions would be valid which did not take into serious consideration his own analysis of Soviet interests and the best way to pursue them, as well as his own personal interests in maintaining power. It seems to me, however, that there may be some danger in this concentration on Khrushchev.

4. There was a time when a full knowledge of the intentions of Stalin was about all we needed to know in order to determine Soviet policy. There seems little doubt, however, that Khrushchev's position is considerably less authoritative. There are undoubtedly forces about him which, even if their influence is less than his, may well have the power to push Soviet policy in one direction or another. Zhukov's dismissal[48] may have reduced the strength of the Army as such but in a time when military strategy is of such great importance Khrushchev must still be strongly influenced by the views of the military. He must also listen to, and in some cases, give way to powerful economic interests and to lobbies or cliques within the Central Committee or among the Ministers. We can never be sure, therefore, whether the pure Khrushchevian conception will triumph at any particular moment. We cannot even be sure whether Khrushchev will remain in Moscow or, like some of his colleagues, find himself with nothing left but an ambassadorial appointment. It is this element of instability in Soviet policy which seems to me the most disturbing because it is an almost incalculable factor.

5. If Khrushchev himself were the supreme dictator of Soviet policy and had every expectation of being so for the next decade, I should be inclined to relax and recommend a policy of taking a few chances. We can never be absolutely sure of him, but there is a certain amount of good evidence for accepting, at least to some extent, the interpretation of Khrushchev as the force of liberalism which is given to us by Tito and Gomulka. In spite of the crudities of his propaganda and the vehemence of his language, there is in Khrushchev a certain rationality and sober common sense with which one might come to terms. It is a quality which is by no means characteristic of Soviet foreign policy at all times since the Revolution and of a good deal of Soviet thinking as still expressed. Even if Khrushchev (as one who has had good reason to know him at first hand has remarked) may think or feel differently from day to day, there is no reason to accept the interpretation of Khrushchev which was fashionable with Dulles' entourage about a year ago — to the effect that he is an unstable and emotional alcoholic who might do anything in a fit of temper. This is not to deny, of course, that he and those around him do seem to react rather impetuously to incidents and statements in the West and to shift their mood from one of accommodation to one of intransigence fairly swiftly. (I have never been able to share the easy theory that this shifting of attitudes is a deliberate and calculated exercise in psychological warfare. The Sadovaya is a long way from Madison Avenue.)

6. The question of Soviet sincerity in reaching a settlement is not necessarily the important question. Khrushchev is probably quite sincere in his desire for peaceful co-existence. It is not insincere for him to want the best possible bargain for the Soviet Union and to want Communism to triumph throughout the world in due course and by virtue of its own virtue. The real trouble is that Khrushchev might so easily be pushed aside by someone else equally sincere but with an even less attractive interpretation of the interests of the Soviet Union. What if we were to accept Khrushchev's intentions as fixed Soviet policy and reach with him an agreement which would be a perfectly satisfactory agreement so

---

[48] Le maréchal Georgi Zhukov a été destitué comme ministre soviétique de la Défense, le 26 octobre 1957. Marshal Georgi Zhukov was dismissed as Soviet Minister of Defence on October 26, 1957.

long as Khrushchev's policy is maintained, only to find that the man in whose conception of Soviet interests we had placed our trust was deposed a few months after a Summit meeting or had lost his influence to a group which would exploit the settlement in a different way? Khrushchev himself has shown some nervousness about the way in which his own generals would operate an agreement on international aerial inspection. There is a good deal in Tito's argument that a satisfactory deal with Khrushchev would greatly strengthen his internal position and make the decline of his power less likely. Nevertheless, Khrushchev, like Bourguiba or Gaillard, may find the concessions he had to make in order to secure other concessions would not increase his popularity. The man in the *ulitza* might love him for bringing peace, but such men count for less than the hard-faced Party and Army comrades who might rebel at having to accept limitations to their activities which Khrushchev had agreed to.

7. It is true that there is in a long-term view some consistency in Soviet foreign policy. There have, however, been some pretty violent fluctuations; and even short-term fluctuations could be enough to wreck a Summit agreement and create a new period of tension to which it would be extremely difficult to put an end. It is this kind of consideration which seems to me more worrying than the risk that Khrushchev himself may be playing a double game. Not many individual leaders deliberately pursue a double game, and even totalitarian countries rarely maintain a policy of calculated deceit. It isn't that they are inhibited by moral scruples but that it is too difficult to sustain. The effect of double-dealing, however, is not infrequently produced even in the most high-minded countries by shifts of policy and by the play of forces within the governments. Such shifts are possible in the Soviet Union as they are in democratic countries where the play of forces is more obvious. There is a constant danger of our being deceived by our own propaganda about Soviet autocracy. In spite of all the evidence to the contrary, we will go on thinking as if the Soviet Union were a monolithic state, beautifully controlled by a single brain, responding to all situations with the single-minded intelligence of a robot. We fall into the assumption that whatever Khrushchev thinks is automatically the policy of the Soviet Union now and for at least the foreseeable future. We cannot afford, I think, to neglect all the other forces, many of them, unfortunately, almost incalculable.

8. The point which I am trying to make is, I am afraid, a depressing one. It will not help us to reach the summit and it is the kind of argument which may be used with good effect by those who don't want us to reach any agreement with the Russians. It may be an argument against a hasty and incautious agreement. It is, I think, an argument in favour of proceeding by clearly defined stages in which we make important concessions only after we have had compliance with the provisions of preliminary stages. It is not a consideration which makes any less necessary an agreement with the Russians. In fact, it might well be used as an argument for seeking to bind the Russians by international agreement. The cynic may say that the Russians cannot be bound by international agreements because they are too immoral to respect them. Countries, however, respect international agreements when they have a stake in their maintenance. The Russians, no less than ourselves, would have a stake in the maintenance of a settlement we could reach at a Summit Conference. Their policies are probably less likely to vacillate if their interests are engaged in maintaining some kind of international order.

J.W. HOLMES

518. DEA/50128-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], March 28, 1958

THE MENACE OF SOVIET GOOD INTENTIONS

The authentic-sounding reports that Khrushchev may announce the unilateral suspension of nuclear tests by the Soviet Union[49] suggest to me the need for our having another look at Soviet strategy as seen from Moscow.

2. Is it possible that the Russians are moving into a new phase in which they will take advantage of the new strategic situation in a way which we are considering but are afraid to adopt? Is it possible that the Russians are adopting a Kennanite position before we do? In other words, have the Russians already digested the lesson that a balance of deterrents produces an equilibrium on the strength of which one can rest one's oars, that this balance can be maintained without the necessity of one side or the other pushing its armaments to an unnecessary capacity? It seems to me the lesson of the achievement of Sputnik and the near-achievement of an ICBM could lead the Russians to some comfortable conclusions — more comfortable in fact than our own because of their advantages of geographical unity and their dependence on their own resources and their own territory rather than on those of difficult allies.

3. Among the conclusions which the Russians might well reach would, I should think, be the following:

(1) Having presumably perfected a nuclear warhead good enough for an ICBM, having on hand, as Khrushchev has mentioned to someone, enough hydrogen bombs to extinguish life on the planet, they have no further need in the immediately foreseeable future of nuclear tests and they can afford to stop production of nuclear weapons (not including of course the means of delivery).

(2) As the NATO military forces are being transformed into forces smaller in number and equipped with tactical nuclear weapons, the Soviet forces opposite them may be similarly transformed, thereby releasing large numbers of Soviet soldiers to return home and join in increasing civilian production.

4. None of these steps would create any vital weakness in Soviet defences. They would contribute enormously to the Soviet economy. They make excellent propaganda. What is more, by taking such steps on their own, the Russians avoid the necessity of making them by arrangement with the Western Powers in accordance with agreements which provide for international inspection. They also take from our grasp some of the cheaper victories we had hoped to achieve at a Summit Conference. Such steps would not diminish in any way the pressure for a Summit Conference and for agreement at such a Conference. They would mean, however, that instead of being satisfied at the Summit with an agreement on suspension of nuclear tests, the West might be faced with the necessity to agree to things much more risky and far-reaching.

---

[49] Le 31 mars 1958, l'Union soviétique a annoncé une suspension unilatérale des essais nucléaires.
On March 31, 1958, the Soviet Union announced a unilateral suspension of nuclear tests.

5. If this is Khrushchev's policy, it would mean that he has shaken off, before the West is able to do so, the inhibitions of a panicky defensive policy. One can argue, of course, that it is easier for him to do such a thing because the West's intentions are not aggressive and Soviet intentions are. Our confidence in the West's intentions, however, has never been shared in Moscow and a diminution of Russian fear would mean a real change. Is it possible that the Russians are no longer afraid of an attack from the West or of the domination of Western policy by the preventive war clique? The answer may be that they have not surrendered their belief in the malevolent forces of the West, but they consider that the possession of ICBM's now gives them the sure security of retaliation. It may be true that there is a dangerous gap for them while the striking power of the United States Air Force is still greater than that of their ICBM's. Nevertheless, they foresee the end of this period in the next few years or so and the plans they make for unilateral disarmament would not be fully effective until this period is over. The principal worry of the Russians might well be, as they often say, the danger of war beginning by accident. Against such a danger, however, increased armaments are no defence. The only way to prevent such a situation is to move towards general disarmament. The Russians might figure that their own progress towards unilateral disarmament would be the best way to force the West into following suit.

6. If there is anything in such an analysis of Soviet intentions, it seems to me that we face a Soviet foreign policy which is the most dangerous they have yet devised but which nevertheless offers great possibilities if we have the courage to seize them. If we continue a policy of merely twitching nervously in reaction to Soviet moves, clinging to anachronistic schemes of defence in Europe, reassuring ourselves that Stalin is not dead, and pitting against the revolutionary challenge of Soviet economic policy the ostrich mentality of COCOM, we are in for some bad times. Soviet prestige and influence in Asia, the Middle East and Africa will soar. The West will lose its influence not so much because of Soviet infiltration and economic subversion but because we will look more and more like an absurd failure with the awful aura of decadence about us. On the other hand, there is the possibility of embracing these Soviet policies for the good that is in them. They could, after all, mean a trend away from militarism in the Soviet Union, thereby opening up enormous possibilities of peaceful subversion of the Communist state as we have known it by the Russians themselves. The problem, therefore, may not be so much a matter of catching up with the Russians in a military capacity as in steps towards international peace.

7. It should not be forgotten in reading these conclusions that the premises on which they are based remain hypothetical.

J.W. H[OLMES]

519. J.L.

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, March 31, 1958

MR. HOLMES' MEMORANDA OF MARCH 24 AND 28 ON SOVIET INTENTIONS

I am flattered to find myself in the company of such distinguished international gourmets as Messrs. J. Holmes and N. Khrushchev in thinking that it is a good idea to start a meal with the hors d'oeuvres. Mr. Khrushchev would doubtless, following an old Russian custom, take elaborate precautions to make sure that he did not swallow a poisoned pickle. The British and the French, following an old Western European custom, would certainly do the same. The Americans, suffering as usual from nervous indigestion, would long be sure that they had been poisoned whether they had eaten anything or not, but might gradually respond to patent tranquillizers.

2. Believing with Heraclitus that nothing is constant but change, I assume that Soviet intentions, however firm, are also transient. It is un-Russian to oscillate between extremes. A study of the alternating periods of xenophobia and "xenophilia" in Russian history from Kievan Russia on is instructive. These have depended partly on circumstances and partly on personalities. Some are susceptible of rational explanation; some are ascribable mainly to personal idiosyncracies — the genius of a Peter the Great, the madness of a Paul I. But even if Russian moods were as unpredictable as the weather, it would still be no argument for not making what hay we can while the sun shines.

3. The xenophobia of the post-revolutionary period can hardly be assessed as irrational, considering the lack of cordiality, not to say the active hostility, with which the infant republic was welcomed. Churchill would frankly have liked to strangle it in its cradle. The United States, always peculiarly ungenerous to other peoples' revolutions, saw fit to join the crusade. By contrast the Norwegian statesman, Fridtjof Nansen, who thought that the Scandinavian countries should serve as "an ever-alert conscience to the Great Powers," argued in vain against armed intervention in Russia, which he feared would cause a cleavage between East and West, and advocated aid to the Soviet Union as a wise political precaution for the future.

4. Although the memory of the intervention has always been, and continues to be, a potent propaganda motif in the Soviet Union, it is perhaps significant that Khrushchev now feels confident enough to joke on this sacred patriotic theme to the extent of expressing gratitude to Churchill for alerting the naive early Communists to the need of building up their defences. That he can venture to do so is perhaps a measure of his own and the Soviet public's satisfaction with the result of the prodigious effort made since the end of the Second World War to achieve parity in defence with the U.S.A.

5. It is useless now to speculate whether Nansen's view, that encouragement of the Soviet experiment would have been wiser than support of the anti-revolutionary generals, would, if acted upon, have averted some of the ills from which the world has suffered since. Certainly the original active hostility and the continued openly expressed dislike and derision of every aspect of the new state frightened its people and made them easier victims of the Stalinist tyranny than they might otherwise have been; in fact, the morbidly suspicious

Stalin was not in his time unrepresentative. And certainly the attitude of the West has not prevented, and may have accelerated, the development, at terrific cost, of the Soviet Union into a power too formidable to be despised, however much it may still be disliked and distrusted.

6. Recent Soviet scientific achievements have only underlined the nuclear stalemate which has existed for several years — ever since Soviet capacity to atomize Western Europe has been evident. The added factor is that United States territory is no longer immune, and that the American population now has to share the apprehensions on this score with which the Soviet population has long been familiar. Both the U.S.A. and the U.S.S.R. now have enough hydrogen bombs to annihilate each other, if either one of them had a sufficiently strong suicidal impulse to attack, or if somebody on either side made a mistake. The Russians are as much the prisoners of this new situation as the Americans. In NATO parlance, they are "interdependent" — with a vengeance. While it is fairly obvious that neither particularly relishes this constrained bedfellowship, so to speak, the Russians seem to have adjusted to it more quickly than the Americans, possibly because they seem to have been thinking on the basis of an atomic stalemate at least since 1954, and the full implications of the new weapons have had more time to penetrate.

7. One conclusion of the Soviet re-appraisal seems clearly to have been a devaluation of the territory of the Eastern European satellites which, at the end of the last war, was regarded as providing an essential security belt for the prevention of attacks from the traditional *places d'armes* for attacks on Russia, but which, in the missile age, has declined sharply in strategic importance. It must also have been becoming gradually more and more apparent to some of the Soviet leaders that the maintenance of repressive Soviet controls and old-fashioned Stalinism in the satellites was not indefinitely feasible, especially after the 20th Congress and the demolition of the Stalin myth.[90] It was doubtless considered less risky to keep the pace of change as gradual as possible, and this was probably the thinking which underlay the new satellite policy declaration of October 30, 1956. The Hungarian revolt, coinciding with the astonishing and, as it must have seemed to the Soviet leaders, insanely adventurous Suez episode, delayed the application of this policy but seems not to have caused its abandonment. It is still proclaimed as basic, and although the Soviet leaders can obviously not agree to public discussion of a change in the satellite régimes, this is in effect what they imply in offering to withdraw Soviet troops, for they can have no illusions that any of the satellite régimes could remain unchanged if this were to happen. They would naturally try to maintain their influence as much as possible by diplomatic and economic means, but they would actually have given up the possibility of maintaining it by force.

8. It was my impression in Moscow that Khrushchev was the closest to the grass-roots of all the Soviet leaders and that this was his main source of strength. His more liberal policies were his response to what he knew were the irresistible desires of the vast majority of the population and in particular of the younger, better educated, less doctrinaire generation which must soon take over from the revolutionary generation. (This view has been confirmed by several intelligent observers either still, or until recently, in Moscow.) This is not to say, however, that Khrushchev has not a formidable, conservative-minded opposition, best typified perhaps, since the departure of Molotov and Kaganovich, by Suslov, who fear the effects of his drastic and daring internal measures (economic de-centralization, the abolition of machine tractor stations, etc.) and of his attempts to reduce international tension, which has always been a convenient instrument for dampening the

---

[90] Voir volume 23, les documents 536 à 538./See Volume 23, Documents 536-538.

enthusiasm of an overeager public, prone to take the bit in its teeth. That Khrushchev himself is not unaware of the dangers of too headlong a pace is clear from the efforts he has made, since deliberately demolishing the Stalin myth in order to free the necessary initiatives in Soviet society for a rapid increase in productivity, to apply the brakes (strictures against revisionism, curbs on artists, etc.) without changing the course. "Life demands change," Khrushchev remarked to a Canadian visitor, "and we can accept change when it is necessary."

9. If Khrushchev were no more than the embodiment of a vast popular desire for a higher standard of living, for the normalization of relations with other countries and increased opportunities for foreign contacts and travel, for the attainment of international respectability on the merits of a successful but now relatively remote revolution and of very real, and even rather startling, achievements in industrialization, science and education, and defence capacity, it would be important to investigate the possibilities for some kind of accommodation to replace the increasingly unsatisfactory and always potentially perilous state known as the "cold war." But he is more than that, inasmuch as he not only reflects popular feeling but has an unrivalled capacity to stimulate and guide it into what he considers fruitful channels. Few observers, however cautious, would not agree that if we wish to relax tensions and arrive by degree at an accommodation with the Soviet Union, our chances of doing so are better with Khrushchev than they would have been with Molotov and Kaganovich or than they would be with Suslov. Only a radical change in popular feelings as a result of internal disaster or external pressures and provocation, however, could enable the conservative forces to regain their position. Without such a change, if Khrushchev were to die or be incapacitated, the more liberal trend would still continue. Even if Khrushchev lost courage and decided to retrench, perhaps by attempting to restore the power of the secret police, he could still not become another Stalin. It is doubtful if he would wish to, but even if he did, he could never duplicate the conditions of Stalin's time.

10. While we cannot ignore Soviet personalities, we are perhaps inclined to concentrate too much on them to the neglect of a closer study of the flow of Soviet policy. The roots of present Soviet policies are found under Stalin as far back as 1948 with clear recognition of some of the dilemmas with which the Soviet leadership was bound to be faced within a decade.

11. It may confidently be assumed that the Russians have two broad plans worked out — one to be followed in the event that a summit meeting is held and is successful in however modest a degree in reducing international tension and opening the road to gradual progress in this direction; the other for speedy implementation if no summit meeting, or a completely negative one is held. They seem to have concluded that the main arena of competition is no longer the military but the political and economic, and that they simply cannot afford not to devote much more of their financial and labour resources to this contest. Obviously they would much prefer to be able to do so under agreements which would, in the first place, reduce the danger of a mistake which could precipitate a nuclear war that nobody intended, and in the second, make the future somewhat more predictable by offering a reasonable prospect for at least a decade or two of peaceful economic progress at home, and competitive co-existence abroad.

12. If no such accommodation can be found, however, the Russians are doubtless posed to take prompt unilateral measures to meet their urgent need for additional manpower in industry and to reduce the proportion of their defence expenditures, consistent with Soviet security requirements as assessed in the light of the new strategic situation which has emerged as a result of recent advances in nuclear capacities. Although I doubt that the old Russian desire for 150 per cent security has been completely extinguished, I suspect that

the Soviet leaders may have confidence enough now in the power of their nuclear armory to take some calculated risks. Cessation of tests, temporary if unilateral, indefinite if under agreement, has already been offered, and it would be unwise to conclude that what Khrushchev said to the Swiss and Swedish Ambassadors about stopping the production of hydrogen bombs in six months because they would then have enough to blow up the planet and could see no advantage in accumulating enough to kill their enemies twice over was meaningless.

13. The most potent circumscription on the risks they might be willing to take would be the threat that nuclear weapons would be given to the Germans. Gromyko's speech of March 31 in the Supreme Soviet[51] gives ample warning that this course would definitely close the road to German reunification and that in the Soviet view a decision to arm the Bundeswehr with atomic weapons is "of special significance because these weapons are being made available to the forces that unleashed the Second World War." If this happens, he warns, the USSR and the other members of the Warsaw Pact "will surely draw practical conclusions and take the necessary steps prompted by the current situation." Bulganin's last letter to Macmillan[52] contained a similar warning and there can be no doubt of its seriousness. There would be almost unanimous popular support for such "necessary steps" in the Soviet Union, Poland and Czechoslovakia, because nothing alarms the population more quickly or aligns them more solidly behind their leaders than a threat from Germany.

14. It may be doubted whether the Soviet Union has more urgent need of a summit meeting than the West, since time is not necessarily working to our advantage. Whether Khrushchev retains his authority or whether he is succeeded, as a result of internal difficulties inherent in his daring policies or of Western rigidities, by a more Stalinist-minded leader, we shall still, while the choice is co-existence or co-extinction, have to deal with the Soviet Union, and we could well have reason to wish that we had been less coy and slightly more courageous. Risks there are and always will be in negotiation with the Soviet bloc, and sooner or later the courage to take them will have to be mustered. (Willingness to assume the greatest risk of all — a drift to nuclear war — had better be characterized as insanity than as courage and relegated accordingly.)

15. The Soviet Union is, and seems likely for some time to remain a Great Power. It is conscious of being a Great Power, expects to be treated as one and is well aware, having inherited a Great Power tradition from Czarist Russia, when it is not so treated. Moreover, by the mere fact of being a Great Power, it finds itself increasingly compelled, even when it might prefer to avoid the responsibility, to act as one. The United States has had to do the same, without benefit of a Great Power tradition. The United Kingdom and France are in a different case, with the tradition but without the power, and have sometimes yielded to the compulsion to act without the capacity, with tragicomic results.

16. It is fairly clear that Western reluctance to agree to a summit conference is interpreted by the Soviet Union, *inter alia*, as another affront to its dignity as a Great Power. When the West requested a summit conference in 1955, the Soviet Union did not haggle but promptly accepted. Khrushchev made it abundantly clear to a Western diplomat a few weeks ago that he thought that the delaying tactics of the West were an attempt to humiliate the Soviet Union and make it appear as a suppliant for a summit meeting, a role he did not fancy. He has also said that he regards the retention of the strategic list (which admittedly has not impeded Soviet defence production) as just another device to humiliate

---

[51] Voir/See *The New York Times*, April 1, 1958, p. 14.

[52] Voir/See United Kingdom, Parliamentary Papers, Cmnd. 423, *Correspondence with the Soviet Union on Summit Talks, March 17 to April 16, 1958*, London: Her Majesty's Stationery Office, 1958, pp. 3-7.

the Soviet Union. Off-hand negative replies to Soviet proposals are similarly regarded as insulting, and I suspect that Soviet insistence on including some of their satellites at summit talks is prompted, as much as anything else, by the feeling that with the United States flanked by two allies, it is *infra dig.* for the Soviet Union always to sit solo. They would hardly argue that Poland and Czechoslovakia are weighty enough allies to balance off the U.K. and France, but they may well consider that by refraining from suggesting the inclusion of China, which they realize would be a non-starter as far as the U.S. is concerned (however unreal disarmament agreements which omitted China might be), they have already made a sizable concession.

17. There is doubtless still enough of the old inferiority complex high in the Soviet mind, in spite of the perceptible therapeutic effects of recent scientific achievements, to make them hyper-sensitive to slights, real or imagined. This being so, the application of a little elementary psychology on our part would do more good than harm. We are surely mature enough to exploit their psychological weaknesses by playing up a little to their evident desire for normalcy and respectability, without losing our own souls or shirts in the process. As with other revolutionaries (not to mention names), the further the Russians get away from the event, the stronger become the attractions of legitimacy. Already, only forty years after 1917, the new generation has little time for the revolutionary tales of its elders. At the speed with which embourgoisation is advancing since Khrushchev set up a monument at the 20th Congress to mark the end of the revolutionary era, it may not be long before they are as chary of references to their revolutionary origins as Americans have become to the glorious you-know-what of 1776. On leaving Moscow in 1951 I wrote that it seemed to me that the very prosperity at which the régime was aiming was in many ways the greatest danger to its continuance. I should think it safe now to predict that a decade or two of peace and prosperity would alter it more radically than almost anything else that could happen to it.

J.B.C. WATKINS

---

520. DEA/50128-40

Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre

Memorandum from Secretary of State for External Affairs
to Prime Minister

SECRET [Ottawa], September 30, 1958

I would like to draw particularly to your attention the attached memorandum which examines Soviet intentions. This has been prepared in the Department and is, in my judgment, one of the most interesting and penetrating articles on the USSR that I have read, either before or since joining the Cabinet.

This study is designed to direct attention to the assessment of Soviet intentions and does not call for any precise action. However, the subject is fundamental to our international relations and to those of every non-communist country. I therefore hope that you will have the opportunity to read this either before you make your world tour or during the trip itself.

The paper is marked secret because of information in section 4 on defence policy. The rest is confidential.[53]

SIDNEY SMITH

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

SECRET [Ottawa], September 30, 1958

A GLOSS ON KENNAN

I

For two hundred years, an under-developed Russia has shown misgivings in the West. For forty years, a developing Russia has fostered definite mistrust. For fifteen years, a Russia which has become a global power, and which for one year has sought to imply that it is now the strategic equal of the foremost military power in the world, has inspired specific fear of its intentions. At the same time as Russia has reached the historical pinnacle of its power, so the issues which form the subject of its diplomacy have deepened. Three years ago Russia implied that it recognized the futility of global war. Eleven months ago, in the very hour of its crude physical maturity, Russia called on the West for a general settlement, and offered, for the first time in forty years, to qualify the implications of its ancient hostility.

This offer has provoked a great debate (Kennan, Acheson, Kissinger, *et al*) as to whether and how far the West, which has sought at great cost to contain Soviet power and to protect itself against Soviet hostility, should react to this. The basic question is Soviet intentions. The extreme view, which, after four decades, is still by and large the received view, is that since the U.S.S.R. is fundamentally hostile to the West, it must ultimately intend to destroy, or to conquer, or to convert the West to communism. One school of thought sees the Soviet appeal for a summit meeting as indicating a significant change in Soviet intentions, others see either no change, or too little change to warrant any corresponding change in Western policy. But none of these schools has yet addressed itself squarely to the uncomfortable question of Soviet intentions, and, in place of an exchange of considered views, we have thus far had little more than conflicting assertions. The result is widespread uncertainty and the enfeeblement of Western diplomacy.

Indeed, it would seem that the West has never actually attempted a thorough and systematic assessment of Soviet Intentions. Such an assessment was perhaps unnecessary before 1944. Such an assessment was scarcely necessary in 1947 to document the urgent need for a policy of containment.[54] But Kennan's brilliant reading of Soviet intentions, which was intended to inform a policy of containment, has never since been either rigorously developed or checked against the evidence. In 1951, Barbara Ward asserted the need to enquire into Soviet motives, yet she too avoided this troublesome exercise.[55] Several years later, the NATO Secretariat inaugurated a study of the trends of Soviet policy, but, although this has been institutionalized as an annual paper, no attempt has ever been made to extract any implications for Soviet intentions from a synthesis of these trends. True, the Western defence authorities have worked out a collective assessment of Soviet military capabilities, and, in the hope of preventing a second Pearl Harbour, have even set up a watch on immediate Soviet military intentions. But they used to insist, and rightly, that the problem of broader, more remote Soviet intentions is the job of the "political side;" but the "political side" has refused to act, and the argument has lost all vitality. As a result, Soviet strategic capabilities have tended in varying degrees to become Soviet intentions, and Western thinking has become "militarized."

---

[53] Notes marginales :/Marginal notes:

P.S. I dislike "shoving" more paper at you but this is good! S.E. S[mith]

Returned from P.M. Oct. 6 — he still has the enclosed memo. H.B. R[obinson]

[54] Voir George F. Kennan (sous le pseudonyme de "X"), *Foreign Affairs*, volume XXV, n° 4, July, 1947, pp. 566 à 582.

See George F. Kennan (under the pseudonym of "X"), *Foreign Affairs*, Volume XXV, No. 4, July, 1947, pp. 566-582.

The only papers which even approach the basic question are those which deal with the likelihood of a major war and which are written by our intelligence organizations; but these consider the problem only in crude terms of relative East-West war potentials, and assess Soviet intentions in crude terms of the consequent need for action and this, in turn, in terms of the consequent prospects of victory. They admit a possible Soviet misreading of Western intentions ("accidental war"), but they make no effort from observable Soviet policy to divine actual Soviet preferences, concrete Soviet expectations, and so Soviet intentions. Even Kennan, in his recent Reith Lectures,[56] was anything but explicit about his view of Soviet intentions, and if his subtler allusions to his view have provoked Acheson to unfortunate innuendo,[57] they have not induced his major critic, for his part, to be any more explicit.

It is not enough to recognize that an assessment of Soviet intentions is essential, if Western diplomacy is to move ahead. It is also necessary to recognize that the necessary assessment must be made on nothing less than a global basis. To argue that the task is impossibly large is to imply that the West cannot evolve a global approach to policy; to say that the task has never been accomplished is to say that it is unprecedented in scale, but so also are the issues of contemporary international politics. In 1947, it was possible for the West to adopt a policy of defence and containment which really looked little beyond Europe and which has never since been satisfactorily extended around the rest of the Soviet or Communist periphery. For this, an assessment of Soviet global intentions *in extenso* was not yet necessary. But the U.S.S.R. today not only disposes of the requisite military power to wage intercontinental war, but is also developing an active policy in all the continents of the world. In so far as the problem posed by Soviet policy is global, so must Western policy also be global, and so must the underlying assessments of Soviet intentions.

All policy must be based on the best possible, i.e., least imperfect assessment, and the best possible assessment must have a crude beginning. It is therefore feeble-minded as well as useless to argue that Soviet global intentions defy meaningful analysis. Those who do surely forget that Western defence policy, which has come to be virtually global in scope, is already based on a global assessment, and that this assessment, which is the collective Western assessment of Soviet war potential, and of probable Soviet courses of action in the event of a global war, has been ten years in the making. They surely forget, moreover, that at the outset the making of this assessment seemed an almost impossible task but that this was nevertheless undertaken by a West which only five years earlier had not known enough of the Soviet war machine to doubt a Nazi victory, and which as late as 1956 overestimated the Soviet population by up to 10%.

---

[55] Voir/See Barbara Ward, *Policy for the West* (Harmondsworth, 1951).

[56] Voir/See George F. Kennan, *Russia, The Atom, and the West: The BBC Reith Lectures, 1957* (Oxford, 1958).

[57] Le 11 janvier 1958, l'ancien secrétaire d'État Dean Acheson a fait une déclaration critiquant la proposition de Kennan de retirer d'Europe les troupes américaines, britanniques et soviétiques. Voir *The New York Times*, January 12, 1958, p. 25.

On January 11, 1958, former Secretary of State Dean Acheson issued a statement criticizing Kennan's proposal that American, British, and Soviet troops be withdrawn from Europe. See *The New York Times*, January 12, 1958, p. 25.

Soviet intentions have become a practical issue, and our approach to these intentions must be practical, i.e., it must take into account the practicalities of foreign policy, especially as our collective political experience has taught us that these practicalities affect the more distant aspirations of governments. Our collective political experience is nothing more than the common sense of practical politics, and since the West, especially NATO, contains the bulk of articulate human experience in this respect, it bears a heavy responsibility to mankind to think in a manner which is worthy of its priceless legacy. We cannot doubt the applicability of the rules of practical politics to the U.S.S.R. because these rules were built on the basis of Western experience; for we believe in the universality of these rules. We persist in applying them in our relations with all non-European states, and it is essentially these Western rules and Western institutions which the less developed countries have been trying to adopt for half a century. A practical approach to Soviet intentions, in the light of Western political experience, must proceed from the facts that the intentions of governments are a function of needs, ambitions, capacities and external developments; that all of these factors are subject to change; that all governments equate their more distant ambitions with the national interest; that most governments are so fully occupied with concrete, immediate and pressing problems that they can rarely contemplate more distant perspectives; that, when they do, they find their range of action severely limited by a complex of factors, some of varying intractability, some wholly beyond their control; that, in dealing with these factors, their conception of the national interest changes; that the concept of national interest more often becomes more modest than more ambitious; that they cannot always explain a major course of action to their populations in terms of their genuine goals; that foreign policy is conducted by no means exclusively in terms of distant goals, but most often in terms of immediate objectives.

Thus it would seem that a first approach to Soviet intentions should try to assess the probable limits of present Soviet ambitions, taking into account the whole forty years of Soviet experience, and the problems which confront the Soviet leadership. Such an approach must try to command all the relevant evidence, especially in its totality, and to assess this in a manner worthy of our past. Such an approach must begin by assessing the corpus of experience which was available to a revolutionary state which began by firing its entire Ministry of Foreign Affairs, (it has since had to train about 2.5 million bookkeepers, and a proportionate cadre of diplomats), and ask how far this state, which has had to learn the lessons of domestic politics has also learned the lessons of international politics, how much it has absorbed of that wisdom which is essential to the successful conduct of practical policy. The West must try to see problems as the Soviet leadership has seen and sees these, it must try to "get into the shoes" of the Soviet leadership. If this challenge seems to place too great a demand on the intellectual resources of a parochial Roman West to which, after a thousand years the Orthodox East is still unknown, then the West must address itself to its ignorance, for no soldier ever made a successful "appreciation" of his adversary's intentions without doing just this. A practical Western approach must then enquire how far the problems which confront the Soviet leadership provide a sufficient rationale for Soviet policy, and how far a more distant and more apocalyptic explanation is necessary. It must enquire how far Soviet foreign policy has been consistent with proclaimed ultimate Marxist ambitions, and how far opportunities to serve more distant ends have been missed. It must be wary of the grosser absurdities and inconsistencies in its tentative answers, as these begin to emerge. Why, for instance, if messianic ambitions are truly manifest in forty years of Soviet foreign policy, has Moscow never been content to rely on this, and, instead, has found it necessary to preach the purity of its dedication *ad nauseam*? Why, if Moscow sees itself as confidently moving toward communism or world dominion does it still restrict the custody of this goal to a deliberate, even statutory, political minority abroad, as well as at home?

Why must it be only Western policy which is subjected to devastating analysis? Why is it that the West always proceeds on the pessimistic and remarkable assumption that Soviet policy is consistent and successful, and, moreover, is both of these with reference to a millenial purpose? We need a reasonable view of Soviet policy, of the Soviet achievement, of the limits of Soviet ambition. To acquire this, we must surely ask the normal questions of the evidence, and this is surely what Kennan has done in order to build up the whole sub-structure of his thought, and this is surely what he has been asking the West for more than ten years to do. In asking these questions, we must focus attention on actual Soviet policy, especially on those decisions which have committed blood and treasure, isolating positive action from a confusion of fantastic ideology, dishonest propaganda and scurrilous vituperation, a confusion compounded by wilful as well as inherited ignorance. Our object must be to reduce the dimensions of what Kennan has called a "cosmic misunderstanding" — (did he specifically foresee the Soviet effort in outer space?). We are concerned neither with the morality nor the integrity of Soviet conduct, but exclusively with its motivation. "Tout comprendre n'est pas tout pardonner." For we cannot cope with a global and political antagonist by hating him and sending him to Coventry; and we incur the gravest of risks if we stupidly misread his aims. We must seek to understand the motivation of Soviet conduct if we are to deal intelligently with the Soviet problem.

The ensuing pages are offered in the hope that these will contribute to a formal collective Western effort to divine the intentions of the Soviet state. Space does not permit a detailed and documented examination of all aspects of Soviet policy, including domestic policy, which are relevant for our purpose. An effort has been made merely to adumbrate the answers to the questions which are advocated above, as these seem to emerge from a study of Soviet ideology, of the Soviet use of the international communist movement, of Soviet defence policy, and of Soviet foreign policy.

II

Marxism holds that communism must ultimately triumph over capitalism, and requires its converts to hasten this victory by every possible means. The attitude of a liturgical state toward these basic elements in the formal ideology, the prophecy and the ethical imperative, should reflect something of Soviet intentions toward the external world. What has happened to the Soviet attitude toward these twin pillars of the faith? The answer is obscured for many in the West by the dishonest Soviet tendency to treat not only basic Marxism, but also the glosses by Lenin and Stalin, and the changing applications of ideology in the form of propaganda and agitation, as classical and sacrosanct. While no one in the West has yet completed a definitive study of the fate of Marxist gospel in Soviet Russian hands, the answer seems simply to be that, while no jot or tittle has been added to or subtracted from basic doctrine, the implications have been subject to increasingly precise and increasingly modest interpretation, and some of Lenin's and Stalin's most important deductions have lately become subject to significant erosion.

It was Lenin himself who began the process by working out his doctrine of imperialism. He asserted that dying capitalism becomes imperialism, is subject to recurrent depressions, wars and colonial unrest, would inevitably attack the U.S.S.R., and, in the process, would foment a terrible war. In so doing, he switched the immediate focus of doctrine away from the achievement of the messianic goal to the threat to the U.S.S.R. Stalin completed the job by locking the national sights on the gospel of "socialism in one country," and by ordering every foreign communist to support and protect the U.S.S.R. No one since Lenin has added anything to basic doctrine, and no one has restored the absolute doctrinal primacy of the positive, revolutionary goal over the negative defensive goal.

But this is not all. Since 1934, no senior Soviet leader has spoken in public of the imminence of the world revolution. Since Varga was attacked in 1948, less has been said even of the long-term prospects of capitalism; at least one economist has been chastised for attaching too much faith to the decadence of the Western economic system; and Soviet journals have even begun to preach the classical theory of foreign trade! Even in his last will and testament (1952), Stalin utterly ignored the external goal, and concentrated all his attention on the domestic problems of building socialism. For, since 1939, the achievement of the internal goal — the achievement of a communist society — had been steadily postponed into the ever more remote future, although Molotov was summarily humiliated for his assertion in 1955 that even the preliminary stage of socialism had not yet been reached. Instead, the domestic target has been lowered to something much more concrete — to catch up with the West in production. Khrushchev, at his most violent — "We shall bury you!" — is trying to urge his people to prodigies of output, rather than to threaten the West. Moreover, the Soviet people have been explicitly told that the domestic goal of a communist utopia is unattainable as long as there remain capitalist states: for Marxists who had been taught for three decades that socialism must first be attained at home, the implications for the attainment of the external goal are obvious enough.

But it is under the dispensation of Khrushchev, the greatest heretic of three decades, that the first signs of actual doctrinal erosion have become apparent. Mikoyan has hinted to a foreigner that the whole body of Marxism must be re-thought. By proclaiming different roads to socialism, and non-interference, Khrushchev has formally renounced the primacy of the Soviet experiment as the model for world revolution and Soviet domination of a socialist or communist world. The abjuration of this Stalinist deduction from basic doctrine has never in anyway been reversed by the current campaign against "revisionism." Even more striking was what happened when the communist parties of the world met in Moscow in November, 1957, for they proclaimed their unity in the cause of peace, rather than of a more distant goal; the idea of world revolution was not only restricted to the bloc, but was reduced to an argument for the unity and primacy — i.e., to provide the basic rationale — of the parties of the bloc. A militant, messianic idea, which, in the light of the Soviet achievement, should have been proudly reaffirmed for the world movement, has shrunk to ignominious, nervous and defensive rhetoric to sustain the members of the Soviet power-system.

But the advent of the nuclear age has had the most acid effect on holy writ. Lenin never did, indeed he never could, demonstrate on ideological grounds that the victory of world communism would inevitably follow the terrible war which he foresaw. Moreover, that prophecy appears nowhere in clear and unequivocal terms in communist patristics. For nearly thirty years, Stalin left it to the zealous to infer that the communization of the world would somehow be the consequence of the successful defence of the U.S.S.R. No such inference could survive the nuclear developments of the past thirteen years, and four years ago, even Malenkov admitted this, when he expressed the opinion, eminently sane on both sides of the Curtain, that neither socialism nor capitalism would survive a nuclear war. But this was to deprive the Party of its basic rationale, and Khrushchev soon corrected him by asserting that only capitalism would be destroyed. Yet the same man has shown the depth and passion of his agreement with his exiled comrade in the whole of his foreign policy. And the same man has demolished the Leninist prophecy by declaring that war is no longer inevitable, by repeatedly telling his people that they are now secure from attack, by asserting that the concept of capitalist encirclement must now be re-conceived, and that hostility must be replaced by co-existence.

Unlike Western thought, Russian thought had not been secularized by 1917, and the implications of Russian Marxism — the pursuit of a utopia and implacable hostility to the West — carried the weight of religious belief. But the secularization of Russian thought has begun. The Russians are now conscious that the dream of a utopia is nothing more than the notion of material progress — a notion which has been abroad in the West since Aeschylus — and that they share this notion with the other under-developed areas. A realization of the limited usefulness of hostility and antagonism to an evolutionary Soviet state has begun to dawn, just as Western man, in his secular role as the supreme evolutionary agent, has long since begun to doubt the unqualified usefulness to the species of cut-throat *laissez-faire*. Intelligent Russians seem to be conscious that the only element of the Marxist prescription which has been realized in Russia is the nationalization of ownership, and they themselves have protested against the grosser forms of statism which have followed. When they speak of the growing similarity of the Western and Eastern political systems, they are not talking of communism, but the role of government in society. The Soviet economist now rationalizes the granting of credits to under-developed countries as likely to lead, not to communism, but to a greater role for government than the Western colonial heritage would seem likely to engender.

III

If the West has not yet completed a thorough-going study of Soviet ideology, neither has it yet subjected the Soviet attitude to the international communist movement to searching analysis. From the Soviet point of view, this movement should have been capable of a three-fold contribution — to the extension of revolution or of Soviet power, to the weakening of states considered hostile to the U.S.S.R., and to the collection of intelligence. Even a cursory examination of the evidence reveals, however, that the Soviet régime has exploited this movement primarily for the last two purposes, and that these purposes have always had more to do with short-term considerations of Soviet security than long-term and aggressive ambition. Nor is it clear that a political machine, which has always preferred unnecessarily devious methods to collect a wide range of far from vital information, owes its major successes in the collection of intelligence to the existence of an international communist movement.

For the five years which followed the foundation of the Comintern in 1919, the movement tried to exploit post-war pacifism and watched expectantly for the westward march of revolution through Poland and into Germany and Hungary.

Thereafter, as Stalin made clear in 1927, the movement was wholly dedicated to the immediate purposes of the U.S.S.R. For a decade, it fomented revolutionary activity, mainly in the bosom of the bigger capitalist powers, which Moscow saw as preparing to attack the U.S.S.R. After 1935, somewhat belatedly, and for six years, the communist parties of the world strove to develop "popular" or "united fronts" against fascism and war. The years between 1941 and 1947 constituted a period of relative inactivity. Then, beginning with the strikes in France and Italy in the autumn of the latter year, the world movement was resuscitated in a sustained drive to expose the predatory, imperialist ambitions of the U.S.A., to destroy collective arrangements for the defence of the West and of the non-communist world, to weaken Western influence in the less developed areas of the world, and to support disarmament and the preservation of the peace. Since November 1957, the formal and concrete goal of the world movement has been further reduced to the maintenance of the peace.

Thus the actual platforms which Moscow has prescribed for the world movement have almost invariably taken the form of opposition to some development external to the movement, and they have usually been expressed in binomial slogans of which the first member is the prefix "anti-." A movement and a doctrine informed by a messianic vision has been reduced by Soviet practice to a protest movement and a protest ideology, an organization with a positive ultimate goal has been committed to negative and increasingly precise and immediate tasks, and the direct pursuit of the ultimate goal has been as steadily postponed. It is, moreover, difficult to conclude that Moscow has always shown that degree of initiative in the pursuit of either close or distant goals which would seem to be necessarily associated with maximal ambition. From the mid-'twenties, the movement fomented revolutionary disturbances, rather than revolution; even from the 'twenties Stalin counselled caution, and never changed his advice; the parties of the West do not seem to have been ready at the critical time of Potsdam to cause as much trouble as was anticipated; and the contemporary judgment of the strikes in France and Italy by specialist observers was that these had been indecisively planned and conducted.

Even more striking is the degree to which Soviet foreign policy has been uninhibited either by dedication to the ideas and ends of Marxism, or by responsibility to the world movement, and the degree to which Soviet foreign policy owes none of its success to the movement. Diplomatic and commercial relations have been sought without regard to the regnant ideology of the state concerned, or to the status of the latter's national communist party. Nationalism and neutralism are anathema to Marxism, and the Soviet Union condemns both in communist states, yet, since 1954, has come to condone these in the less developed countries. Stalin, himself, could hardly have been more frankly cynical. He ordered or allowed the persecution of foreign communist refugees within the U.S.S.R., he never found it necessary or desirable to address a single Congress of the Comintern, his remarks to the foreign delegates at the close of the XIX Party Congress were a highly patronizing after-thought, and he utterly ignored the world movement in his last will and testament.

As the specific usefulness of world communism to Moscow has declined, so the organizational concept of the movement has undergone some significant changes. For a few years after the Revolution, Moscow used both party and diplomatic channels for the purposes of both party and state, but, as it developed a conventional machinery of government, it made increasing use of this for the more critical matters of foreign policy, and left to the Comintern the residual function of a trouble-making auxiliary. The last Congress of that body took place in 1935, and it had long outlived its usefulness when it was abolished in 1943 to encourage the Western allies to open a long delayed "second front." Four years later, when Zhdanov set up a Cominform, he complained about the lack of contact between communist parties, and pointed out that even the socialists had revived their International. But the act of establishment, and the appearance of a new "international" journal, bore the tell-tale marks of a hasty riposte to the Marshall Plan; all the parties of Europe, let alone of the world, do not seem to have been alerted; the membership was confined to the bloc and the two Western parties — the French and the Italian — most likely to prove effective in opposing U.S. intervention in Europe. The formal aim had been reduced from the pursuit of world revolution to the defence of the independence and sovereignty of the members of the Soviet bloc against the predatory U.S. Even this organization was never used, so far as we know, for more than the exertion of pressure on the communist parties, mainly those of Eastern Europe; and even this had to be abolished in 1956, in the face of nationalist pressure within the bloc, which was happily buttressed by Indian disapproval. Tentative subsequent efforts to replace this with an even more modest organization, and to set up a journal, which even accepts the term "socialism" rather than communism in its title, have been stubbornly opposed by certain important members of the bloc. Thus, since the late 'thirties, Moscow has had to rely on bilateral contacts with the world movement. Never in the history of that movement has there been such a furious exchange of delegations as that which has taken place since the Hungarian revolt. The sole formal commitment, the first in ten years, to which the world movement could subscribe in November 1957, was the maintenance of peace, and the original revolutionary goal, as we have noted above, was ignominiously used to argue the need for the unity and the very primacy of the parties within the bloc.

The membership policy of the communist parties of the world is also instructive. For Russian reasons, the CPSU has been compelled to accept the status of a minority movement within the U.S.S.R., and it has enshrined this status in its statutes as an object of deliberate policy. It may be asked, however, whether it is practical politics for every foreign party, each of which is ostensibly working to extend either communism or Soviet power, to ape this practice. Yet all communist parties, — including the French and Italian, with the largest membership, the best prospects for further expansion, and the laxest approach to membership — have regularly amended their statutes to conform with the Soviet model, and have periodically pruned their cadres. Moscow has clearly preferred not to proselytize majorities, and to postpone the pursuit of communism in order to ensure that it can control the support of minorities for more pressing purposes. Moreover, the concept of the Party has also been reduced from an organization of "militants" to a "combination of like-minded persons." It is not surprising that the membership of most Western parties has declined, that several have reduced their publishing activities and are in financial straits; it is not surprising that Moscow has found it necessary to make increasing use of auxiliary mass international organizations, such as the "peace movement" — and to propagate its immediate point of view, rather than world communism or the extension of Soviet power.

Most significant of the Soviet attitude toward the communist movement are the implications of Khrushchev's appeal for a summit meeting. Although Stalin concentrated the energies of the U.S.S.R. and of the movement on the security of the Soviet state, he did accept obligations to commit the Soviet armed forces in aid of revolution. But he was always careful to adopt a very vague and equivocal position as to the circumstances which would justify this assistance. Both he and his successors have been extraordinarily squeamish about public attribution of any role to the Soviet armed forces in the communization of Eastern Europe. The oath of loyalty administered to Soviet troops was reduced in 1939 from loyalty to the cause of the international proletariat to loyalty to the U.S.S.R. (and may last year have been further reduced to, or augmented by, an oath of loyalty to the Party). Again, it is Khrushchev who has gone even farther. In seeking a *rapprochement* with Yugoslavia, he was accepting as communist a state which has renounced the messianic global goal, and it looks as though the enormity of his act had to be pointed out to him by more articulate and conservative elements within the bloc. In launching the biggest diplomatic initiative which the U.S.S.R. has ever taken to settle its problems with the West, he has asked for recognition of the *status quo*, and for a non-aggression pact. In so doing, the Soviet state has at last formally renounced any obligation to further the extension of communism by force — at least in Western Europe. In accepting the principles of different roads to socialism and of non-interference, a *nihil obstat* to national communism which has never been explicitly revoked even in the current campaign against "revisionism," Khrushchev surrendered the formal Soviet claim to domination of the revolutionary movement.

If it is hard to conclude that Stalin found the international communist movement of significant use, it is tempting to suspect that Khrushchev would really prefer to get rid of it.

IV

The defence problems confronting the Soviet Government at the conclusion of the civil war in 1920 dictated the policy which any state, with no international revolutionary obligations, would have to adopt. The Soviet state had inherited very long frontiers, of which the western was still, after ten centuries, supremely vulnerable: its nearest neighbours included new, intensely nationalistic states, and farther afield were older, stronger powers whose hostility had been demonstrated and was exacerbated by the ideas of the new Russian régime. To defend the state there was a minuscule war industry, the army had disintegrated, no air force existed, and the navy had been at the bottom of the sea of Japan for fifteen years.

After eight years of rehabilitation, the Soviet régime had worked out a major and obvious decision: to build up the military power of the state as quickly as possible. Stalin correctly forecast in 1929 that there were "ten years to prepare." This decision, and this perception, underlay the adoption of planning, of industrialization, of enforced austerity, and of draconic sanctions and rigid centralized control, this decision and this perception underlay the whole of "Stalinism;" and it was Stalinism, the imperatives of power, which were to shape and inform the whole of Soviet life.

The régime concentrated first on the creation of a defence industry and of an army. In 1925 it was decided that the latter should be built on a conscript basis, and that its primary role was to defend the U.S.S.R. rather than to extend revolution. Nevertheless, despite a speed-up in the 'thirties, the build-up was too slow and, even with secret mobilization after 1939, Soviet forces were still greatly inferior in strength to the German forces in 1941, the planned eastward evacuation of industry had not begun, and the U.S.S.R. had to rely on the West for enormous quantities of materiel.

Soviet strategy on the Eastern Front, although prodigal of manpower, was extremely cautious and conservative, and the war in this theatre remained essentially a land campaign; the army therefore emerged in 1945 as the primary arm of the service, the air force which had appeared was exclusively designed in fact and in name to support the ground forces, and only a rudimentary naval force had appeared. The Soviet defence planner, when he contemplated the post-war status of the U.S.S.R. as a major land power, confronted by the global power of the U.S.A., was still faced with a tremendous task: he had to modernize and mechanize the army, build a strategic air force and a fleet, and create nuclear weapons, missiles and electronic ordnance. Without these elements of global military power the U.S.S.R. could not be secure. As no responsible Western planner could ignore Soviet ground strength in 1946, so no Soviet planner could ignore Western air, naval and nuclear strength.

If the strategic imperatives are instructive as to the primary motivations of post-war Soviet defence policy, so also are the priorities observed by that policy. The air programme first made certain of a large defensive fighter force; only then did medium and heavy bombers begin to appear, adding in cautious sequence, first a capacity for action in Eurasia, and then over North America. Similarly, an infrastructure of several hundred airfields was built around the periphery of the bloc to advance the defensive force, together with early-warning facilities, from the Soviet heartland. Only later was attention paid to strategic bases. With the appearance of the ICBM, it is possible that the planned output of the heavy bomber has been reduced. Similarly, the naval programme first made certain of a huge submarine fleet to isolate North American war potential from Eurasia, and only later did this turn to a surface fleet. Even yet, this does not provide for properly offensive surface units, in the form of carriers and the heavier vessels. The plan for merchant shipping, although ambitious, does not seem to provide significant lift for combined operations and there is no sign of a proper "expeditionary" concept in any of the three arms, as this had been evolved by the U.K.

It should be noted in passing that a great deal of earnest and respectable rubbish has been written during the past four years about a major change in Soviet strategic thinking since the death of Stalin. This discussion has been prompted by the fact that nearly all of the Soviet marshals appeared in print in 1954 to explain that Stalin's wartime ideas, which had been promulgated until 1953, were out of date: the notion of the *blitzkrieg*, of sudden, surprise attack was no longer bankrupt (in view of the nuclear weapon), and victory did not ultimately depend, as Stalin had said, on the massive war potential and morale of a nation. But actual Soviet defence policy demonstrates that, whatever was said to the Soviet people between 1945 and 1953, the Soviet military planner had taken up-to-date and far-seeing decisions before the end of the Second World War, when Stalin revealed his interest in acquiring strategic air power. The weight of Western enquiry should rather be directed to the question as to why the Soviet Government found it necessary to correct public thinking on this point, and how out-moded public ideas were affecting the Soviet defence effort.

Finally, there are a number of other considerations which must have important implications for Soviet military thinking, and hence for Soviet intentions. The basis of Soviet military manpower policy remains, apparently, the military service law of 1939, and, even the emergence of NATO induced no material change in the personnel strength of the Soviet armed forces. Russian military history has obviously long since convinced the Soviet defence planner that he must maintain standing forces equal to any combination which may be suddenly thrown against him. It is in the first instance a civil manpower crisis which has compelled the U.S.S.R. to reduce its establishments, civil as well as military, and to step up its mass para-military programmes accordingly. Except for withdrawals from Porkkala, Kwantung and Austria, and the gradual strengthening of forward air and naval defences, deployment also had been relatively static for thirteen years. Again, it is a civil problem, rather than military considerations, which has compelled the Soviet Government to decentralize the management of its economy, thereby taking the first step to reduce its extraordinary vulnerability to nuclear attack. The primary strategic importance of Eastern Europe to the Soviet planner is that this area permits the forward deployment of his air defences. His logistics policy in this region has never suggested an aggressive intention, for in East-West communications he not only accepts a change of gauge, but also permitted a considerable deterioration of routes long before the advent of tactical nuclear weapons and the emergence of new logistical concepts, and a decade of persistent inquiry has never detected the forward displacement of significant stockpiles. His Hungarian garrisons proved totally incapable in 1956 of even tendering "aid to the civil power," yet the Western planner stubbornly refuses to discount the possibility that the U.S.S.R. might attack the West with her forces in Eastern Europe! Other than in similar operations in Poland and East Germany, Soviet troops have never been openly committed on foreign soil since 1946 (Iran; operations in Korea were secret); and the Soviet threat to intervene in the Suez crisis was safely wrapped in sanctions by the U.S. and the U.N.

For nearly thirty years the U.S.S.R. has advocated total disarmament. During all of the post-war period it has been active in the U.N. disarmament discussions. At the same time it has been actively pursuing a defence policy which points in the diametrically opposite direction. It might have been expected, were Soviet intentions the worst, that the U.S.S.R. might withdraw from disarmament discussions as it approached strategic parity with the U.S.A. and continue its effort to achieve overwhelming strategic superiority. It has indeed withdrawn from discussion,[58] but it has also cut superfluous personnel strength, temporarily cancelled its own nuclear tests, and, even more significantly, called on the U.S.A. to stabilize East-West war potentials at their present levels of approximate parity, and repeatedly declared that it will not start a global war.

Soviet defence policy in the secular trend is entirely consistent with the official Soviet view of the international situation, which has been obsessed by the fear of Western attack, and which equates great power status with the possession of great military power. Moreover, in a cautious Soviet defence policy it is difficult, if not impossible, to find any element which is not susceptible to an essentially defensive, rather than aggressive explanation. The past and present of Soviet defence policy suggest that Moscow attaches vastly more to security than to the expansion of communism or of Soviet territory.

V

In so far as the official Soviet view of the international situation, as this has been formulated at fifteen post-revolutionary party congresses and on various occasions between these meetings, has focussed on the external threat to the U.S.S.R., this view has implied one constant and immediate objective for Soviet diplomacy — the security of the Soviet state; and, given the Soviet view of the external world, it is difficult to discover any Soviet diplomatic initiative which is not altogether susceptible to explanation in terms of an obsession with national security.

The U.S.S.R. began life in isolation as the consequence of its intolerable affronts to the West, of an ideology which offered no prospect of permanently peaceful relations, of an equivocal relationship between the Soviet Foreign Office and the Comintern, and of economic and military weakness. After the failure of revolution in Germany and Hungary, Moscow postponed hopes of extending the revolution; after the failure of the campaign in Poland in 1920, Moscow postponed the hope of extending Soviet power. When, a year later, Moscow was re-admitted for the first time to the great international councils at Geneva, more modest and specific goals had been set for the Soviet delegation: to postpone the inevitable Western attack, and, by breaking out of isolation and forming diplomatic and commercial links, to accelerate national recovery and the consolidation of Soviet power within the U.S.S.R.

Along the historically vulnerable Western border a system of security pacts was developed, a formula which was to culminate, rather surprisingly, in the Litvinov Protocol of 1929. Farther afield, recognition and economic aid were sought without discrimination, and a fledgling diplomatic service was increasingly committed to these eminently conventional goals. In the 'thirties defensive considerations acquired still further weight. To cope with the menace of fascism, the Soviet Union sought to extend her border pacts into a system of "collective security," to develop normal relations with as many countries as possible, made concessions to Japan, reached an agreement with the U.S.A., strengthened her Far Eastern borders, and entered the League of Nations to urge disarmament, to apply sanctions against Italy, and to offer to act against Germany at the time of Munich.

---

[58] Voir/See Volume 24, Document 134.

By 1939 Moscow clearly judged the effort to contain Germany as a failure. Soviet foreign policy began to merge with Soviet defence policy and Moscow began to substitute concrete strategic action for the dubious manoeuvres of diplomacy. After weeks of bargaining, it proved to be Germany, and not the Western allies, which was prepared to give the Soviet strategist that which he considered essential to the survival of the U.S.S.R., namely, a free hand to organize the defence of the western border from the Baltic to the Black seas. The Nazi-Soviet Pact and the subsequent Soviet military expansion into Eastern Europe were typical of a desperate political machine which was accustomed to total solutions to crucial problems.

A full picture of Soviet policy during the Second World War has yet to be blocked in, but certain important outlines seem to emerge from the materials now available. Until 1943, Soviet thinking seems to have concentrated on the expulsion of German troops from Soviet soil; even until 1945, the war remained for the U.S.S.R. an essentially European campaign, although, for the West, it had become a properly global struggle with the entry of the U.S.A. some four years before. The Soviet Government seems to have made no serious effort to join the Combined Chiefs of Staff to influence the course of the war in non-European theatres, or to sway strategic decisions which might have influenced the shape of the post-war world. Even as regards the European theatre, Soviet energies seem to have been concentrated on securing early Allied intervention behind the Nazi-Soviet front; strangely enough, Moscow is not known to have expressed any preference for intervention in the north-west to an attack on the "soft under-belly" of the European peninsula, and, as late as 1944, Stalin even agreed on the desirability of an assault at the head of the Adriatic. If Moscow had hopes of extending its power west of Germany, these hopes do not seem to have conditioned its strategic thinking. The closing months of the war show no sign of any imaginative initiative on the part of Moscow, and the burden of post-war planning was surrendered to the U.S.A. and the U.K. The bulk of Soviet energy was devoted to applying a formula to the former enemy states which would yield a maximum contribution to the rehabilitation of the U.S.S.R. As for Germany, it is very doubtful that Moscow could see beyond partition, the solution which had been vaguely foreseen by Stalin in 1941. But it is not clear that Moscow even accepted the need to drive west into Germany until late in 1942, and, even then, in the following year, Stalin left Eden with the impression that he would fear a communist Germany. As for Eastern Europe, however, 1943 brought the creation of puppet governments which were to move west in the wake of the Red Army: Moscow had clearly begun to prepare a permanent, i.e., total solution to her western border problem. In the Far East it applied a similar formula in Korea, but was naively content to leave Manchuria to the Chinese Communists. If Moscow ever expected to reach Tokyo, which is doubtful, it is almost certain that it had not yet worked out a plan for Japan when the latter capitulated. Meanwhile, the whole Soviet approach to global order was, to put it mildly, extremely *borné*: Moscow could not think in terms greater than rule by the Big Four, and of a veto to protect her national interests.

Since 1945, the Soviet leadership has seen itself as confronted with a greater Western threat than ever before, and it has increased its efforts in the direct and single-minded pursuit of Soviet security. The basic formula is extraordinarily simple, for Moscow has been seeking the most perfect possible disengagement with the West, and it is extraordinarily crude, for it has been conceived in typically maximal terms. The U.S.S.R. began to apply this formula in Eastern Europe by the expulsion of Western interests from the region. When the West reacted with the Truman Doctrine, the Marshall Plan, and NATO, the

U.S.S.R. stepped-up the consolidation of her position in Eastern Europe, thereby bringing to fruition her inter-war policies for this area. But total disengagement was never accomplished, since Stalin failed to exercise a painful Western canker in Berlin. In the Middle East, the need for disengagement did not arise, and Stalin was prepared to withdraw from Northern Iran under pressure. In the Far East, disengagement was virtually and fortuitously guaranteed by the unexpected success of the Chinese revolution, and there remained only the Western canker of South Korea. It is as yet impossible to say whether the urge to deal with this sprang more from Moscow or more from Peking; but it is clear that this unsuccessful effort redounded to the greater advantage of the latter. For it was a central Chinese government which, for the first time, acquired firm military control over a Manchuria which was the focus of traditional Russian aspirations in the Far East; and to Peking went the prestige of having held modern occidental forces at bay. But all of this was not enough, and Moscow has had to try to think in still greater, indeed global terms. She has therefore worked since 1945 to secure the evacuation of Western forces from Europe and from all foreign bases.

The successors to Stalin have retained his goals, but they have found his methods too dangerous, too costly too difficult, and too limited. They have supported an end of warfare on the bloc periphery in Korea and Vietnam, and they have carefully refrained from public support for Chinese irredentism as regards Formosa. They have tried to reduce international tensions by breaking out of diplomatic and commercial isolation and by letting East and West see more, but still not all, of each other. They have tried to reduce the costs of maintaining their security system by withdrawals from Porkkala, Austria and Kwantung, by reducing the less critical elements of their armed forces, and by ceasing for a time the testing of nuclear weapons. In Eastern Europe they finally accepted the need to modify their policy, but too late to prevent the initial crumbling of their security system. And in the face of a global U.S. presence, they have sought to develop an active global policy and to achieve a global presence for the Soviet Union. This effort began, even before Stalin's death, when the Soviet Government awoke to the related facts that it had thus far ignored the less developed areas of the world, that Western empire in these regions was being rapidly supplemented, and, in some cases, replaced by what for Moscow was a colossal programme of Western assistance, and that the under-developed areas were attempting to duplicate the Western way of life as fast as possible. The Soviet riposte to the distant but menacing consequences of the Western policy toward these areas was desperate apostasy, for Moscow had to renounce Stalinism, if not Marxism, in supporting neutralism and nationalism, and a capital-poor country which was short of foreign currencies had to find a slender capital surplus in order, through credits, to develop long-term commercial links with Asia, the Middle East, Latin America, and Africa. But, until very recently, the real gravamen of Soviet diplomacy has fallen, geographically speaking, in Europe. Moscow has only begun to enlarge the compass of its thought to embrace the Middle East; and it is important to note that, instead of relying solely on devious methods of penetrating this region, the U.S.S.R. has openly and explicitly asked for the right to contribute to high counsel on this area. At the same time, with her sub-surface and fisheries fleets, she has begun to penetrate the high seas, and, with research, to seek a foothold in Antarctica.

xxxxxxxxxxxx

A brief survey of Soviet foreign economic policy is of capital importance for our purpose. The primary aim of this policy in the 'twenties was to secure long-term credits and to restore commercial links with the outside world, indiscriminately, and as rapidly as possible. Failure to secure such loans compelled the U.S.S.R. to finance imports with exports, including foodstuffs, even in circumstances of acute domestic demand. When exports declined, the U.S.S.R. was forced to resort to gold shipments and to accept the accumulation of short-term debt. It was the latter, after total turnover reached a peak in 1930-1931, which caused a decline in the level of trade until the eve of the Second World War. Once more, at the end of hostilities, the U.S.S.R. tentatively inquired about long-term credits, but these were not yet forthcoming, and the Soviet Government concentrated for the next three years on reparations and on the resumption of a pre-war plan which entailed the exchange of industrial raw materials for finished goods with Eastern Europe. After the final breach with the West in 1948, which was expressed in commercial terms by the U.S. embargo of that year on strategic goods, Moscow began a seven-year effort to weld the socialist states into a trading bloc. The result is that total Soviet foreign trade has leaped to about five times the pre-war figure, and that over 80% of this is now with the bloc. Two other post-war developments complete the picture. Since 1952, the U.S.S.R. has sought to break out of commercial isolation by granting long-term credits to the less developed countries, by developing trade with over fifty nations, by invading the world arms and commodities markets and by launching a sustained appeal for a world trade conference; and, since 1955, the U.S.S.R. has been forced to recognize the consequences of its short-sighted exploitation of Eastern Europe, and to redress the terms of its trade with that region.

This policy is the direct result of the peculiar Soviet economic problem. There is the shortage of foreign exchange, which is basic and remains acute. Thus, since the normal entrepreneurial profit motive is lacking, exports have always had to serve the immediate purpose of paying for imports; thus, when the crisis of 1929-1930 found large stocks of Soviet goods already shipped abroad to pay for a planned increase in imports, the Soviet Government was left with no alternative other than to dispose of these at low prices, a decision which was widely misconstrued as deliberate "dumping"; thus the sale of obsolescent arms to the Arab world has had its economic as well as its political motive; thus the sale of aluminium and tin in 1958 was almost certainly dictated by the temptation to translate new surpluses into needed foreign currency; thus, at least until 1956, the U.S.S.R. has played only a modest role as a creditor in Eastern Europe; and thus the aid-and-trade drive among the less developed countries includes no grants. Nor has it been easy to find an exportable surplus: the U.S.S.R. is still very capital-poor, yet, in view of the neglect of agriculture and the consumer industries, it is only capital goods which can be diverted to foreign markets in significant quantity and variety; the quality of these is inadequate for competition in Western markets; and the Soviet state lacks the skilled personnel necessary to excite the interest of the Western purchaser. Thus the drive in the less developed countries is a move toward natural markets which will accept what the U.S.S.R. has to offer and which offer precisely what the U.S.S.R. needs. Moreover, for planned economies there is no real substitute for the long-term bilateral agreement to regulate their foreign trade, and they find it extremely difficult to adjust to a multilateralist world. Yet industrialization, and the simultaneous failure to co-ordinate this within the communist bloc, the impact of the Western embargo, especially on the satellites, and the gradual sophistication of Soviet economic thinking, have all sharpened the need for increased trade with the free world. Thus the U.S.S.R., as the dominant member of the bloc, has led a sustained appeal for a world trade conference, because it is convinced that only joint intervention by Western governments can help it quickly to acquire commercial respectability and quickly to increase its sales to the West.

Marxism can hardly require the U.S.S.R. either to pursue autarky or to prefer relative commercial isolation, if a revolutionary state is to use every opportunity to disorganize the economy of the capitalist world; on the contrary, Marxism would seem to imply a sustained effort, at most, to disrupt the economies of the free world and, at least, to avoid any contribution to their welfare. The U.S.S.R. has sought autarky only in so far as this was necessary to guarantee itself an independent source of the materiel of war, and it has used every possible conventional means to break out of a commercial isolation which is in large measure due to a low capacity to export, in the broadest sense. On only two occasions has Soviet action on the world market seemed to be intentionally disruptive, and in both instances it is clear that the Soviet state was reacting to concrete pressures rather than pursuing sinister political ends. Still more impressive is the tendency not only to widen commercial links, but also to extend these into the ever more distant future. It would be the sheerest lunacy to try to have it both ways — to seek a planned and stable order for communism and chaos for the free world, and at the same time to try to cement these two worlds by long-term contractual associations.

The fact is, of course, that Marxism has no formula for foreign economic policy. The result is that, under the impact of reality, the very terms with which the government seeks to justify trade with the enemy have become less and less Marxist. Voznesenskiy rationalized the position in 1946 by explaining that such trade would contribute to the ultimate self-sufficiency of the U.S.S.R., and this was later enlarged to mean the self-sufficiency of the bloc; but the economists have long since been talking of the "improvement of national welfare," of "normal, peaceful, commercial relations," of the "international division of labour" and of comparative costs. A Marxist state is now preaching the classical theory of foreign trade, and is even advocating "common sense"! The obvious strength of capitalism remains a very troublesome point, for, in recent years, the Party has had rather less to say about the long-term prospects for the Western system, and recent comment tends to concentrate on the descriptive analysis of recessions and to avoid specific forecasts. The Party is under increasing pressure to reconcile its formal view of the Western future with the facts and with the very assumptions underlying actual Soviet policy. Thus, ten years ago it silenced Varga when, speaking for many Soviet intellectuals, he pointed to the increasing role of government in the Western economy as a sign of capitalist vitality and an indirect fulfilment of the Marxist prophecy. Yet the Soviet economist of today is allowed to accept an increasing role for government as a specific political objective of the U.S.S.R. in the less developed countries. In all this, there is glaring inconsistency, since the Party obviously cannot identify increasing statism with progress in Asia and deny this equation in the West. There is also more than a hint of retrenchment, in so far as statism has become an absolute good in Soviet thinking, and threatens to replace communism as the primary export.

xxxxxxxxxxxx

The Soviet attitude toward international law also has certain implications for Soviet external ambition. Despite an early tendency to work out a peculiar Marxist approach, the Soviet Government has never presumed to repudiate the principles of international law. In the past twenty years, increasing attention has been paid to this subject, and the focus has shifted firmly to the study of existing law and to its practical implications for the immediate problems of the Soviet state. Although the U.S.S.R. has refrained, with typical caution, from accepting the jurisdiction of the International Court, it provides this institution with financial support and with one of its judges, and a Soviet representative sits on the Law Commission of the General Assembly. Those Soviet innovations which have proved lasting have included no radical changes to the traditional body of law, and have been largely confined to the extension of sovereignty over land and air. It has become abundantly clear that the U.S.S.R. accepts the need for, and the existence of international law, and that it lacks the capacity, if not the interest, to attempt drastic changes for any ulterior Marxist purposes.

In this context the interest of the Western conscience tends to focus on the most flagrant Soviet violation of conventional law, which occurred when the U.S.S.R. seized territories from her Western neighbours in 1939-1940. But the motives of this lawless act must be read in the light of the circumstances, which have been discussed above, and Soviet motives in general must be read in the light of the general Soviet approach to the law. If this approach seems at times to be depressingly cynical, this is generally due to the greater Soviet frankness in distinguishing between the political and legal elements in a given issue, and not all Soviet legal disputes with the West are unfounded. The Soviet approach is ultimately shaped by considerations of political expediency, as is that of all other nations, and these considerations in time give rise to the usual inconsistencies; but, if a given issue entails a firm commitment and carries implications for the Soviet position which are too remote to be clear, the Soviet attitude is regularly conservative. Thus, in the early 'twenties, Moscow was prepared to justify its renunciation of foreign debt by citing the principle of *rebus sic stantibus* (i.e. that pre-revolutionary treaties could not apply in changed circumstances), and in 1947 it could cite this principle in attacking the Anglo-Egyptian Treaty of 1936; but it was adamantly opposed in 1945 to any formal recognition of this principle which would have given power to the U.N. to amend inapplicable treaties. The Soviet Union has consistently supported all legal efforts to cope with the ultimate problem of war. Thus it has adhered to the three major conventions evolved since 1917 for this purpose — the League, the Kellogg Pact, and, although it refuses to recognize that it has legal, rather than political status, the U.N. In addition, it has been party to a series of multilateral and bilateral pacts, none of which has had a clearly offensive, rather than defensive orientation. Indeed, its formal position has been characterized by a sustained drive to extend the framework of conventions which now exist for this purpose: thus its interest in conventions on disarmament, the definition of aggression, and the control of outer space. True, it has steadily resisted any collective effort to control nationalist hostilities against the West, and, for the decade following 1944, it similarly opposed any collective effort to suppress communist hostilities against the West. But in all cases, the U.S.S.R. has shown itself highly sensitive to its legal position, in that it has taken pains to avoid any direct commitment, and, where this has occurred, as in North Korea, to conceal this; moreover, it has generally sought legal grounds on which to attack its opponents and on which to justify its own conduct. Thus the U.S.S.R. is now interested in finding a "legal" basis for "co-existence," in order to protect its controls over public opinion from Western attack. Perhaps the dominant characteristic of the Soviet approach to post-war legal problems is a pathological obsession with sovereignty. This informs the whole nexus of its relations with international organizations, as with foreign powers. It is this which explains Soviet resistance to a disarmament control machinery, Soviet intransigence on citizenship and human rights, and general Soviet mistrust of the U.N. The Soviet attitude to sovereignty has its own relentless logic, and would require the Soviet Government to support the nationalist liberation movement, even if Marxism were suddenly to shake off its anti-imperialist bias. The Soviet position on sovereignty is negative and even strikingly obsolete, and the fact that the U.S.S.R. persists in its stand, although this is preventing it from exerting a maximum influence in international organizations, indicates the degree to which the Soviet régime is nervously preoccupied with immediate defensive problems.

Acceptance of international law, adherence to the major conventions on war, overriding emphasis on sovereignty, research into the existing law, modesty of innovation, and steady appeal through the law to the world's sense of justice — all these mean that the Marxist state has accepted formal restrictions on the courses of action which would otherwise be open to it in the pursuit of its external ambitions; that it has steadily augmented the relevance of the law as a criterion of its own conduct; and that it does not regard a change in the political structure of the non-communist world as imminent. This multiplication of moral obstacles in the Marxist path may not be inconsistent with the classical Marxist ethic, but it is extremely impractical, if the Soviet Union wishes to extend either the revolution or Soviet power.

VI

A survey of Soviet policy which tries to penetrate beneath the doxology of communism, beneath an anti-Western posture, beneath the language of vituperation and belligerence, and which focuses on Soviet conduct rather than on Soviet rhetoric, points up the degree to which considerations of immediate national self-interest have motivated Soviet policy, the degree to which the national interest has been conceived in the extraordinarily narrow terms of power and security, and the degree to which Soviet policy has owed more to the practice of Machiavelli and Bismark than to the vision of Marx. Such a survey recalls the words of Molotov in 1939: "Is it really difficult to understand that the Soviet leadership is pursuing, and will continue to pursue, its own independent policy, based on the interests of the peoples of the U.S.S.R. and only their interests?" Such a survey points up the extent to which Moscow has begun to take a more practical approach to the national interest, the extent to which Kennan's prophecy in 1947 of the "gradual mellowing of Soviet power" has been fulfilled, the truth of his dictum that "no mystical, Messianic movement — and particularly not that of the Kremlin — can face frustration indefinitely without adjusting itself one way or another to the logic of the state of affairs."

A systematic inquiry into the circumstances surrounding Soviet decisions shows that these decisions are less the manifestation of a Marxist *élan* than a response to non-Marxist problems, and that it is almost exclusively problems of security which have elicited a Soviet response. The task of responding to power politics with power politics has monopolized the vast bulk of Soviet energy, and has seemed to Moscow to be so urgent that it has sacrificed a generation and a half to puritanism, coercion and terror, that it has isolated its people from the collective wisdom of their national past and from the moderating influences of the external world. It is downward into the mud of the urgent, the contingent and the unique that Soviet attention has been directed, rather than upward toward an august and distant vision. Action which has seemed to the external world to reflect the most aggressive, expansionist, Marxist initiative, has instead been aimed at negative, limited and immediate goals; Moscow has been too desperate, too preoccupied, to translate vague, maximal thinking into concrete long-term plans, or even to make shrewd use of every opportunity. Such a survey points up the fact that the West has been dealing with an appallingly crude approach to politics, rather than sophisticated malevolence.

Under-developed countries are backward politically as well as economically, and, unlike modern India, the Russia of 1917 compounded her own difficulties by wilfully destroying, exiling and renouncing the slender stock of political wisdom which she had painfully accumulated. It is true that Russia has modernized much of her economy in thirty years and it is true that the pace of political evolution seems, of late, to be surprisingly fast; but this is due to such reserves of liberal thought as were banked in the XIX century. Every historian knows that time cannot be telescoped, and the fact remains that Soviet Russia has only begun to mature politically. In the West, the Renaissance preceded the Industrial Revolution; in Russia it must now follow this. Fanaticism, which is emotional, naive, and impractical, has been possible as long as there was ignorance, weakness, and poverty; but fanaticism cannot survive as a more educated and experienced body politic turns its attention from the power-security equation to a broader conception of national welfare. A survey of Soviet policy shows how an apocalyptic vision, as Kennan prophesied in 1947, has begun, in the hands of an intelligent people, to adjust to the impact of reality and of experience, and to come down to earth, how the goals of Soviet policy have tended to become more discrete, more precise, more limited, and more conventional, how the limits of Soviet ambition have been reduced, as the Soviet leadership has begun to learn what it takes to secure and to maintain the recognized status of a great power, let alone to convert or to dominate the world.

Such a survey suggests an answer to the residual question as to whether the Soviet body politic has really begun to take a more reasonable view of its own ideology, or is merely executing a tactical retreat. If the U.S.S.R. is to move beyond the achievement of security, and either to convert or to dominate the world, it must yet develop tremendous economic and military capacity. In that it will need to sustain its past pace of development for at least another quarter of a century, even to catch up with the West, the task is enormous. Meanwhile, there is absolutely no evidence that the masses who must serve a statist machine in any way equate their national self-interest with world dominion, either spiritual or political. On the contrary, a minority party must maintain a prodigious programme of homiletics to sustain the faith of its own converts. Similarly, the leadership of a body politic which entertains maximal ambitions must dispose of a quiet and enduring confidence in its own capacity to achieve that ambition. The larger posture of the Soviet leaders at home and abroad has never betrayed such confidence. On this point our summary raises a basic question. Can a leadership ignore the experience of forty years? Can a leadership which has not violated the lines of containment in eight years, which has not dared to transform satellites into constituent republics, which has found itself incapable of successfully controlling even Yugoslavia, East Germany, Poland, Hungary and China, which, however fatuous the faith it has proclaimed, has always been remarkably cautious and conservative in the use of its blood and treasure, which has frankly feared to permit free elections in Eastern Europe, and which has never managed to find a positive policy for Germany, can such a leadership actually entertain concrete hopes of ruling Europe or the Middle East, can such a leadership, which has found that twelve communist states, of which ten are small, make up a far from harmonious community, actually equate a communist world, or even a communist Germany, not to mention a communist U.S.A., with the national welfare of the Soviet state? The Soviet leadership must now resemble Dostoyevskiy's Stavrogin — when they believe, they do not believe that they believe, and when they do not believe, do not believe that they do not believe.

A survey of actual Soviet policy suggests the probable state of mind of the Soviet leadership today. It is a group of men who have inherited an ideology which for forty years has implied implacable hostility to the Western world; it is a group who have recognized the need, in the interests of the Soviet state, to modify the implications of this hostility, but who cannot formally abjure the faith and retain power in the U.S.S.R.; who think that they have done everything possible, short of this, to persuade the West that their larger intentions are unobjectionable and conventional. By calling for a summit meeting, the recognition of the *status quo*, and the stabilization of East-West war potentials at their present level, they have sought to imply their recognition of the fact that containment has set a limit to their solution of their security problem in Europe, to imply their vague recognition of the legitimate defence interests of the West. It is a group of men who have just made their biggest effort to secure a settlement with the capitalist West, who have persuaded themselves of the unqualified reasonableness of their demands, and who cannot understand why the West will not recognize that they have climbed down a long way from the proclaimed ambitions of 1917, but who have thus far refused to admit to themselves that a settlement with the West means more than co-existence, and, if not renunciation of the faith, at least co-operation in the maintenance of world order and limits on their opposition to the global interests of the West. It is a group of men who have failed to secure agreement on these terms and who must now set the course of high policy in the light of Western insistence that "Shrimps must learn to whistle." Meanwhile, they are still trying to salvage something on the detection of nuclear tests and surprise attack, and to secure a voice in the Middle East.

As the U.S.S.R. has acquired power it has tried to emerge from isolation. So it has found that hostility to the West, which was relatively facile in isolation, is vastly more difficult in the complex world of global politics, so it has found that the contradictions between the logic of power and an idiotic idea have increased. Moscow cannot indefinitely stifle nationalism within the bloc and support this in Asia. A nation with thirty million Moslems cannot encourage an Arab renaissance without complicating her position in the Middle East, if not without incurring risks to her national security. Moscow cannot export commodity surpluses without impoverishing those whom she is trying to woo, and without forcing the West to close markets which she needs to penetrate. Moscow cannot maintain an arms race and still grant its people the long-delayed promise of a decent life. Moscow cannot seek long-term commercial links with the external world and still isolate her economy from the depressions which her ideology commands her to foment. Moscow cannot develop such links and still isolate her planning procedures and her pricing policy from the eroding influence of a Western world which is far less statist than her own. A capital-poor country which is only beginning to learn the meaning of scarcity cannot endlessly export producers' goods without developing an interest in ensuring a return on the investment, and therefore in stability. The Soviet political formula has already proven to be too crude at home. Moscow is only beginning to learn how crude this formula has been abroad.

But if the prospects of a Soviet failure to achieve a summit meeting are for a further change in Soviet foreign policy which will be welcome to the West, there are also grave risks in a Western position which is adamant. The West cannot refuse to admit the phenomenon of Soviet power, cannot refuse to take a reasonable view of the limits of Soviet ambition, cannot continue to prattle of the Soviet will to dominate or convert the world without affecting Soviet intentions adversely. If a Western refusal to meet the U.S.S.R. at the summit failed to stiffen and to increase the influence of conservative elements in the U.S.S.R. in their contention that the aims of the West *are* ultimately sinister, this is only because these conservatives are now a minority. Western intransigence is based on the assumption that if, under a prolonged conservative dispensation, trouble does break out within the bloc, this trouble can be contained. This is altogether too grave a risk for responsible statesmen to accept.

The increasing modesty, normality and legitimacy of Soviet external ambition, and the gradual refinement of an extremely crude political approach in turn suggest the need for a re-examination of the framework in which the West views the Soviet problem. It is frequently forgotten that Eastern Europe, including Russia, provided the classical models of "under-development" until 1945, and the West has come to think of the problem of backwardness largely in the economic context and largely in terms of Asia. It has yet to address itself to the subtler political problems which attend on the emergence of a nation from this status, especially when, as in the case of the U.S.S.R., it suddenly acquires material power which is incommensurate with its political experience. The West has generally imputed too much political skill to Moscow. Western policy, then, must not abandon containment, but it must look well beyond this, to encourage and to exploit the political maturation of the Soviet body politic in the interests of the West and of the world as a whole. It must help Moscow to recognize the impossibility of total solutions, the disadvantage of cynicism, the incompatibility of absolute sovereignty and international co-operation, the naivety of a view which equates the decline of Western influence with a simpler Soviet future, the utility of integrity and compromise.

To do all this, the West must first accept the fact of Soviet power, and seek to distinguish the legitimate interests and requirements of a great power. It must give clear recognition to the fact that Moscow has already begun to move tentatively toward compromise, and it must seek in its own interests to exploit the enduring, practical interests of the U.S.S.R. Of these interests, the most important is the recess of Western power from the borders of Western Russia. The U.S.S.R. has implied that it accepts containment in Europe. The time has come for the West to seek some formula by which some degree of disengagement may be gradually traded for a formal recognition of containment, if the Soviet notion of non-aggression pacts is unacceptable. And the West must help the U.S.S.R. in its new effort to think in genuinely global terms, it must lure the U.S.S.R. out of the simple world of isolation and to involve it in the complex world of global politics. The best prospects for achieving this lie in the economic context, for the U.S.S.R. must expand its commercial horizon, and material involvement will most quickly multiply those situations in which Russo-Marxist hostility clashes with Soviet self-interest, and will most quickly place manifold limits on the Soviet range of action. It is only by direct experience of such clashes that the U.S.S.R. will acquire a greater interest, if not a greater stake, in stability beyond the borders of the bloc, and it is only with such an interest and such a stake that it will come to co-operate with the West and to accept responsibility. The time has come to seek a formula by which the U.S.S.R. will be slowly forced to abandon its hostility to Western interests in the less developed areas, in return for a share of influence and responsibility in these areas.

The problem does not lend itself to a supreme political fiat, despite the fact that Khrushchev's headlong drive toward the summit suggests that he himself is convinced of this. It has taken ten years to induce the U.S.S.R. to propose a solution for its security problem in Europe which, from the Soviet point of view, is less than perfect. It will almost certainly take as long to bring the U.S.S.R., under the pressures of reality, to actual, if not admitted, co-operation with the West. A patient and piecemeal approach is the only one possible; but the essential requirement is for a grand and imaginative design, which will exploit the practical motives and interests of the U.S.S.R., and which will supplement containment with a more positive objective.

[CLIFFORD WEBSTER][59]

---

[59] Clifford Webster, expert de l'histoire économique soviétique, entra aux Affaires extérieures en 1956 et avait travaillé à la Direction européenne au moment où il a écrit ce document. Webster a visité Londres et Paris du 10 au 22 novembre 1958 pour discuter du contenu de son mémoire avec les fonctionnaires anglais et français. Pour un compte rendu des discussions, voir la communication de Webster à Léger, MAE/50128-40, 18 décembre 1958.

Clifford Webster, an expert on Soviet economic history, joined External Affairs in 1956 and was serving in European Division at the time he wrote this document. Webster visited London and Paris from November 10-22, 1958 to discuss the contents of his memorandum with English and French officials. For an account of these discussions, see DEA/50128-40, Webster to Léger, December 18, 1958.

SECTION C

ACCORD SUR LE COMMERCE
TRADE AGREEMENT

521. PCO

Note du ministre du Commerce
et du secrétaire d'État par intérim aux Affaires extérieures
pour le Cabinet

Memorandum from Minister of Trade and Commerce
and Acting Secretary of State for External Affairs
to Cabinet

CABINET DOCUMENT NO. 321-58 [Ottawa], November 18, 1958

SECRET

CANADA-U.S.S.R. TRADE AGREEMENT

The Trade Agreement concluded between Canada and the USSR in 1956[60] is due to expire on February 28th next year. It may be extended by mutual agreement prior to November 29th. Alternatively, a revised agreement might be negotiated if the two Governments were willing.

The main benefit to Canada under the present arrangement is an undertaking by the USSR to purchase a minimum of 400,000 tons of wheat annually for the three years of the Agreement. This undertaking is contained in a separate exchange of letters. In return for these guaranteed purchases, Canada in the Agreement extended most-favoured-nation tariff treatment to the Soviet Union. In addition, provision was made for MFN treatment for Soviet merchant ships in Canadian ports. On the Canadian side, in order to prevent injury to Canadian industry from possible low-priced imports from the USSR, Canada, in a separate exchange of letters, reserved the right to impose special values for duty purposes on Soviet goods. A general security clause in the Agreement permits either country to impose prohibitions or restrictions of any kind to safeguard its essential security interests.

The Agreement has been of substantial value from the point of view of our wheat trade. Continued annual sales of about 15 million bushels of wheat (the equivalent of 400,000 tons) to the USSR would be of considerable importance to Canada and to Western wheat producers. This amount represents about 5 per cent of Canada's average annual wheat exports. Sales to the Soviet Union of this order could not be counted upon in the absence of a specific undertaking by the USSR to purchase minimum quantities.

A continuation of the Agreement would appear desirable also from the political point of view. Political considerations played an important part for both sides when the present Agreement was negotiated in 1956. It was the view of the Canadian Government that a trade agreement could help to establish mutual trust and reduce suspicion. Trade agreements provide one of the few points of mutually advantageous contact between East and West, and may help to influence the Soviet leaders away from their isolationist approach. Renewal of the Canada-USSR Agreement would not be without value in this direction. On the other hand, its expiration would be more consequential and might well be interpreted as a deterioration in our political relations with the Soviet Union.

---

[60] Voir/See Volume 23, Document 531.

Preliminary indications are that the USSR would be interested in renewing the Agreement as such, but would be reluctant to accept a continuation unchanged of the obligation to purchase Canadian wheat. It is reported that the Soviet wheat crop this year is exceptionally large, including the harvest in the far eastern areas of the USSR where there is usually a deficiency. Normally, it is economic for the USSR to import wheat into the far eastern deficiency area from Canada through their Pacific ports. The marginal production areas being developed in the northern USSR result in even greater uncertainties from year to year regarding wheat crops than are experienced in Canada. The Soviet authorities are reported to be concerned that Soviet exports to Canada have not developed and that the trade balance has continued substantially in Canada's favour. In a renewal negotiation they may try to obtain what they would consider to be a more balanced agreement from their point of view by endeavouring to secure an obligation on the Canadian side to purchase specific quantities of certain Soviet goods. In 1957 Canadian exports to the USSR amounted to $10.7 million (mostly wheat), while Soviet shipments to Canada amounted to $2.8 million (fur skins and chrome ore). A table listing the main items in Canada's trade with the USSR is attached.† In endeavouring to obtain a further undertaking by the USSR to purchase similar quantities of Canadian wheat and perhaps to buy other Canadian products, it may be necessary to find benefits to offer the Soviets over and above the continuation of most-favoured-nation treatment. Because of the nature of our economy, because we are not a State trading country and because, as a matter of policy Canada, with only one exception in the post-war period, has refused to enter into formal arrangements involving undertakings to import specified quantities of particular products, it would appear that such additional benefits might have to be found in other fields such as relaxation of travelling restrictions on Soviet traders and commercial representatives.

There are, in addition, a number of changes which could improve the Agreement from the Canadian point of view. For instance, we might again endeavour to set down in the Agreement obligations for Soviet State trading corporations to make their purchases and sales solely in accordance with commercial considerations, and an attempt might be made to obtain some understanding concerning disruptive Soviet sales of aluminum and other products of interest to Canada in world markets. As a minimum, our concern about sales of this kind could be registered with the Soviet authorities during the negotiations.

In any renegotiation the question of Soviet use of the St. Lawrence Seaway might well arise and the Soviet authorities may press for guarantees of access for their vessels. The terms of the present Agreement would permit Canada, under the general security provisions, to deny the Seaway to Soviet ships, although there would be an obligation to continue most-favoured-nation treatment for Soviet vessels in Canadian ports of permitted entry.

It is recommended that:

1. At this stage officials be authorised to open exploratory discussions with the Soviet authorities through the Embassy of the USSR in Ottawa, and, if necessary, through the Canadian Embassy in Moscow, in order to examine the possibility of extending the Agreement or renewing it on substantially the same lines as at present, and, in either case, with an undertaking by the USSR to purchase annually substantially the same quantities of Canadian wheat as under the previous Agreement.

2. A report be made to Cabinet on the results of these preliminary discussions.

3. At that time Cabinet decide whether formal negotiations should be initiated, what directives should be given to the Canadian negotiators, and where these negotiations should take place. In this connection, representatives of the Soviet Embassy have already mentioned informally that Moscow might be the appropriate venue for the final negotiations, inasmuch as the 1956 negotiations took place in Ottawa.[61]

---

522. DEA/6226-A-40

Le sous-ministre du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, November 28, 1958

Dear Mr. Robertson,

CANADA-U.S.S.R. TRADE AGREEMENT

Mr. A.I. Lobatchev, Commercial Counsellor of the Soviet Embassy, called on Mr. Churchill this morning and handed him an Aide-Mémoire in Russian, of which I attach a copy of an unofficial translation provided by Mr. Lobatchev. The Aide-Mémoire states that the U.S.S.R. is willing to extend the validity of the present Agreement for a further three years and of the Exchange of Letters concerning the right of the Government of Canada to fix values of goods for ordinary and special duty. The Aide-Mémoire does not, however, mention the continuation of Soviet undertakings to purchase specific quantities of Canadian wheat.

In the conversation, the omission from the Aide-Mémoire of any reference to Soviet purchases of Canadian wheat was drawn to Mr. Lobatchev's attention. He indicated that the Soviet Government was not prepared to undertake an obligation to buy wheat. Mr. Lobatchev was informed of the importance which the Canadian Government has attached to Soviet undertakings to purchase wheat as a quid pro quo for the extension of most-favoured-nation treatment by Canada. He was further informed that the Canadian authorities would give immediate consideration to the contents of the Soviet Aide-Mémoire and that he would be advised of Canadian views.

The position taken by the Soviet authorities is not unexpected and may be considered as the first formal move in the opening of negotiations. It now falls to us to make a counter-proposition. I have asked Mr. Warren to convene a meeting early next week to consider what our next move should be and what recommendations might be made to the Ministers concerning our reply to the Soviet Aide-Mémoire.

Yours faithfully,
JOHN H. ENGLISH

---

[61] Approuvé par le Cabinet, le 12 novembre 1958./Approved by Cabinet on November 12, 1958.

[PIÈCE JOINTE/ENCLOSURE]

Aide-Mémoire

Ottawa, November 28, 1958

This is to inform that the Government of the USSR, having in view Article IX of the Trade Agreement between Canada and the USSR signed on the 29th of February, 1956, is willing to extend for a further three-year period the validity of the above-mentioned Trade Agreement as well as the letters concerning the terms of duty fixing.

Provided the Government of Canada also gives its consent, an agreement on the term of validity of the above Trade Agreement could be made through the signing of a corresponding Protocol or an exchange of letters.

---

523. DEA/6226-A-40

Le sous-ministre du Commerce
au ministre du Commerce

Deputy Minister of Trade and Commerce
to Minister of Trade and Commerce

[Ottawa], December 9, 1958

PROPOSED REPLY TO SOVIET AIDE MÉMOIRE

Attached is a copy of the Soviet Aide Mémoire of November 28 concerning the renewal of the trade agreement which Mr. Lobatchev presented to you together with our proposed reply to this Aide Mémoire. The reply has been cleared with the other Departments concerned. You will note that some revisions have been made in the reply as compared with our previous draft.† These changes are merely presentational and are intended to shorten our reply without altering its substance. If you approve of this reply it is suggested that you might wish to hand it to Mr. Lobatchev when he calls on you on December 10 and propose to him that further discussions might be conducted on an official level in Ottawa.

It was felt that it may be more appropriate and effective at this stage if some of the points which were included in the previous draft were to be raised orally by yourself in your meeting with Mr. Lobatchev. These points are as follows: that the benefits of Canadian MFN treatment give the USSR access to the open and expanding Canadian market on a basis of equality with other suppliers; that in our opinion a balance of benefits accruing from an exchange of MFN treatment can, in view of the differing trading systems of the two countries, be maintained only if it is accompanied by specific Soviet commitments to make purchases of Canadian goods; that the Soviet Union should therefore undertake to make annual purchases of Canadian wheat along substantially the same lines as in the current exchange of letters; and, in addition, that the Canadian authorities hope the USSR would be in a position to undertake to import stated quantities of other Canadian products which are available for export. You might also wish to mention to Mr. Lobatchev our willingness to discuss with USSR representatives existing opportunities for developing Soviet exports to Canada.

JOHN H. ENGLISH

[PIÈCE JOINTE/ENCLOSURE]

Aide Mémoire

Ottawa, December 10, 1958

With reference to the Aide Mémoire from the Embassy of the U.S.S.R. dated November 28, 1958, pertaining to the trade agreement between the Soviet Union and Canada, the Canadian Government welcomes the willingness of the Government of the U.S.S.R. to extend the validity of this trade agreement for an additional 3-year period including the exchange of letters concerning values for duty. The Canadian Government wishes to encourage the further development of mutually advantageous trade relations between Canada and the U.S.S.R. and to this end would be prepared to continue the present trading arrangements. The Canadian authorities have noted, however, that the Soviet Aide Mémoire makes no reference to the exchange of letters of the present agreement under which the Soviet Union undertook to purchase annually specified minimum quantities of Canadian wheat.

In the Canadian view this undertaking is fundamental to the present trade arrangements and the Canadian Government attaches particular importance to the inclusion of similar Soviet commitments in any renewal or extension of the present Agreement.

The Canadian authorities will be glad to enter into preliminary discussions concerning the various matters related to renewal of the Agreement with Soviet representatives in Ottawa. In the light of these exploratory discussions, the Canadian Government would be prepared to consider appointing an official delegation to conduct formal negotiations with the U.S.S.R. at a time and place to be agreed.

CHAPITRE V/CHAPTER V

AMÉRIQUE LATINE
LATIN AMERICA

PREMIÈRE PARTIE/PART 1

ORGANISATION DES ÉTATS D'AMÉRIQUE
ORGANIZATION OF AMERICAN STATES

524. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], August 20, 1957

Present:

The Prime Minister and Secretary of State for External Affairs (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
    and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Secretary of State (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois).
The Secretary to the Cabinet (Mr. Bryce),
Assistant Secretary to the Cabinet (Mr. Martin).

. . .

ORGANIZATION OF AMERICAN STATES; POSSIBLE CANADIAN MEMBERSHIP

6. *The Prime Minister* said that the question of Canada joining the Organization of American States, or the Pan-American Union as it was better known, had been raised on a number of occasions in the past, but up to the present, it had been decided not to accept membership. Meetings were held in Washington from time to time at which Canada had observer status. An economic conference of the organization would be held soon, and a further request had been made as to whether the Canadian government wished to continue to be represented by an observer or whether it wished formally to join the group. Full membership might lead to differences with the United States on a number of matters. It also involved accrediting a full-time ambassador to the organization. The Department of External Affairs would find this difficult to do. On the other hand membership might have some trade benefits.

7. *The Cabinet* noted the report of the Prime Minister on the question of joining the Organization of American States and agreed not to become a member at this time but to continue to be represented at meetings by an observer.

. . .

2e PARTIE/PART 2

VISITE DU SECRÉTAIRE D'ÉTAT AU BRÉSIL ET AU MEXIQUE, LE 17 NOVEMBRE-4 DÉCEMBRE 1958
VISIT OF SECRETARY OF STATE TO BRAZIL AND MEXICO, NOVEMBER 17-DECEMBER 4, 1958

525. DEA/11497-1-40

Le sous-secrétaire d'État aux Affaires extérieures
au chefs de poste à l'étranger

Under-Secretary of State for External Affairs
to Heads of Posts Abroad

CIRCULAR DOCUMENT NO. R.27/58 Ottawa, October 23, 1958

MINISTER'S TRIP TO LATIN AMERICA

The Minister will be in Brazil from November 17 to November 29, and Mexico from November 30 to December 4. These dates are approximative only. In Brazil, he will pay an official visit and will take the chair at a series of meetings with the heads of some nearby missions. In Mexico, he will be Canada's Special Ambassador to the inauguration of President Lopez Mateos.

2. The purpose of the Minister's trip is to bring to Brazil and Mexico the expression of Canada's friendship and, to Latin America as a whole, the assurance that although we are not members of the Organization of American States we earnestly desire to maintain the excellent relations we have always had with all nations of this hemisphere. The Minister does not propose to enter into political, cultural or trade negotiations, although he may well put in the occasional good word in favour of the Canadian position on multilateral or bilateral issues affecting either of the two countries to be visited.

3. Information activities of the posts concerned should be built on the following themes:

(a) This is the first official visit of a Canadian Foreign Minister to Latin America, an indication of the importance which the Minister attaches not only to Canada's relations with Brazil and Mexico, but with Latin America as a whole.

(b) The Minister wishes to familiarize himself further with Brazil, Mexico and Latin America generally, and review or establish friendships with Latin American leaders.

(c) Canada's role as a leading middle power which has advanced from colonial status to a constructive position in world affairs.

4. Other themes to exploit are:

(d) In Brazil and Mexico: the Minister's visit to these two countries indicates the importance he attaches to our relations with them.

(e) In Brazil: joint participation in the defence of freedom and order (Second World War Italian campaign, and UNEF).

(f) In Mexico: The fact that the Foreign Minister will personally head a Special Mission to a Latin American inauguration is a sign that the Canadian Government realizes that our common interest in the preservation of world peace through the United Nations, growing trade, increased tourist visits, and the establishment of direct air links have brought our two countries much closer.

5. The following methods of publicizing the Minister's visit are recommended:

(a) *Countries to be Visited*

(i) The missions concerned should get in touch with Government departments and agencies, press, radio and T.V. organizations, to offer all possible assistance in arranging publicity for the visit;

(ii) We assume that the missions concerned now have for distribution supplies of photographs of the Minister, his biography, and copies of his statements. Additional supplies, if required, should be applied for immediately by telegram;

(iii) The missions concerned should get in touch with the heads of UP, AP, Reuters and AFP in order to help them provide Canadian media with a fair coverage of the visit.

N.B. The Minister has authorized the use of "Dr. Smith" instead of "Mr. Smith" whenever the Mission concerned will find this suitable.

(b) *Other Latin American Countries*

Missions in Latin America outside Brazil and Mexico should be prepared to take advantage of publicity opportunities resulting from the Minister's trip. In any publicity, the Missions should take care not to hurt feelings in the countries which the Minister has no time to visit in the course of his present trip. If disappointment is expressed, it may be pointed out that the Minister on this occasion is the prisoner of previous commitments. He must attend the Colombo Plan Ministerial meetings in Seattle November 10 to 14,[1] and, from there, go directly to Rio. He will barely have time to get to Mexico from Brazil in time for the Presidential inauguration and must then return to Ottawa for a brief interval of preparation for the NATO Council meetings in Paris, December 16-19. He is disappointed that on this visit he cannot include other countries, but it is clearly impossible.

(c) *Other Countries*

We assume that, in most cases, any publicity should be undertaken in response to enquiries.

R.M. MACDONNELL
for Under-Secretary of State
for External Affairs

---

[1] Voir volume 24, les documents 431 et 432.
See Volume 24, Document 431 and 432.

526. DEA/2226-40

L'ambassadeur au Brésil
au secrétaire d'État aux Affaires extérieures

Ambassador in Brazil
to Secretary of State for External Affairs

TELEGRAM 186 Rio de Janeiro, November 22, 1958

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

MINISTER'S CALL ON BRAZILIAN FOREIGN MINISTER

The Minister has seen and approved following resumé of his conversation with Foreign Minister Negrao de Lima Tuesday morning, November 18. The Minister was accompanied by Messrs. Irwin, Cadieux, Couillard and Hardy while Brazilian Foreign Minister was attended by Mr. Mendes Vigna, Secretary General, Mr. Araujo Castro, Head of Political Department, Mr. Mello Franco, ex-Ambassador to Canada, and others.

After a preliminary exchange of compliments the following subjects were brought up:

(a) *Cultural Relations.*

Mr. Smith said that as a university man, he had a deep interest in cultural aspects of relations between our two countries. In this context, he was very happy to convey to Brazilian Foreign Minister an invitation from Mr. Alan Jarvis to arrange an exhibit of Brazilian art at new National Gallery and Canadian Galleries in 1960. The Brazilian Foreign Minister indicated that Brazil would accept invitation subject to details being worked out through our Embassy in Rio.

Mr. Smith also expressed an interest in a great exchange of scholarships between the two countries but Brazilian Minister did not comment.

(b) *UN.*

Both ministers agreed happy and close relations existed between our two UN Delegations. As middle powers without ambitions to expand Canada and Brazil had found a community of ideals in UN and our two delegations had found it easy to come to a meeting of minds on most problems.

Mr. Smith then said he would like to offer some frank thoughts on a matter affecting middle powers such as Canada and Brazil e.g. the question of middle powers' relations with USA. He referred to his words in Seattle[2] that no nation was better qualified than Canada to speak of the USA, in regard to which Canada held no repeat no fear, no repeat no suspicion, no repeat no jealousy. No repeat no nation could ask for a better neighbour. This did not mean that we were not occasionally worried by USA moves, as other (middle powers?) such as Brazil probably were. It was possible to distinguish between local and global issues. For instance the Canadian Government did not feel committed to support USA whenever it chose to become involved in local and global issues such as Chinese offshore islands[3] and Mideast.[4] The Canadian Government felt, however, that it had a vital interest in maintenance of peace and therefore in preventing these local issues from degenerating into a global conflict. On the other hand in a global conflict there could be no doubt Canada would have to stand by USA. In view of blank cheques apparently issued by USA to certain leaders in Mideast and Far East the question very much in Canadian minds was how many more such blank cheques had been issued. Mr. Negrao de Lima replied that he shared minister's concern and apprehensions. Brazil's position (is?) fairly similar to that of Canada in that, if Brazil was not committed by Rio Treaty[5] to join USA in any issue arising out of American security zone, this restriction became academic in the event of a global war.

---

[2] Pour des extraits du discours prononcé par Smith à la réunion du Comité consultatif du plan de Colombo en 1958 à Seattle, voir Canada ministère des Affaires extérieures, *Affaires Extérieures*, vol. 11, nos. 1-2, janvier-février 1959, pp. 20 à 23.

For excerpts from Smith's speeches at the 1958 Colombo Plan Consultative Committee meeting in Seattle, see Canada, Department of External Affairs, *External Affairs*, Vol. 11, Nos. 1-2, January-February 1959, pp. 20-23.

(c) *Operation Pan America.*

Mr. Negrao de Lima then claimed that perhaps never before had Brazil been so clearly identified with Western camp as had been indicated by launching this year of Operation Pan America.[6] This initiative stemmed from a deep concern that the West's passive policies were making it possible for the USSR to achieve progress all around the world and were losing the initiative in the Cold War. However, the pattern of the Cold War had changed from a military to an economic and technological nature, and it was to cope with this new challenge that President Kubitschek had launched operation Pan America. Negrao de Lima asked if Mr. Smith would care to comment.

Mr. Smith explained that on that date beginning with President Kubitschek's letter to President Eisenhower last May,[7] he had been struck by this most distinctive and most promising approach to the problems of the American hemisphere. Using UN Secretary General's plan of open economic development of Mideast as background, the Minister commented that he could not but think that it was up to each area to make first effort at settling its regional economic problems. This was only sound decision stopping Soviet economic penetration. The Minister added that, since he was among friends, he had no qualms about discussing frankly questions of how Canada could fit in operation Pan America. He really did not know answer to question thus raised but he would like to draw attention to Canada's relatively small population and to her relatively high per capita contributions to international organizations. He also drew attention to Canada's extremely heavy commitments to North American defence where figures were astronomical and where government, as in the case of CF-105,[8] was faced with crucial and perplexing priority problems. Having said that, Minister could still state that he acclaimed operation Pan America even if he did not at this point know where Canada could fit in picture. The Minister invited Brazilians to look at Canada's commitments as a whole but suggested that whatever Canada did in any other area was of help to Latin America and vice versa, since we were "in same boat."

---

[3] Voir chapitre III, 2^{e} partie.
See Chapter III, Part 2.

[4] Voir chapitre II, 5^{e} partie.
See Chapter II, Part 5.

[5] Voir le document 17, note 42./See Document 17, note 42.

[6] En mai 1958, le président brésilien Juscelino Kubitschek a proposé l'Opération « Pan America » pour renforcer les liens politiques entre les républiques d'Amérique et pour accorder une plus grande attention au problème de sous-développement de l'Amérique latine.

In May 1958, Brazilian President Juscelino Kubitschek proposed Operation Pan America to strengthen political ties among the American republics and to devote greater attention to the problem of underdevelopment in Latin America.

[7] Voir/See United States, Department of State *Bulletin*, Vol. XXXVIII, No. 992, June 30, 1958, pp. 1091.

[8] Voir le chapitre premier, 4^{e} partie, section A./See Chapter I, Part 4, Section A.

Before leaving subject Minister volunteered that he had been very pleased by operation Pan America's practical approach to hemispheric problems. With [this] operation Latin Americans seemed willing to assume leadership in settling their problems, not to leave them entirely to the USA. This was excellent since in spite of her amazing war record in assisting other countries the fact remained that certain projects if presented exclusively as USA initiatives were bound to meet with trouble if not with failure.

Mr. Negrao de Lima made it clear that he appreciated Canada's position vis-à-vis operation Pan America as just expressed by Minister and that he fully recognized Canada's contributions to international projects.

(d) *OAS.*

Brazilian Minister then wondered whether, since this was an informal exchange among friends, he could not venture to ask for information on long term possibility of Canada joining OAS. The Brazilian Minister presented issue in what may be new form on which [group corrupt] separately asking more details when he said Brazilian Government felt it was becoming more and more difficult for OAS [to] deal with its hemispheric problems without Canada's participation and that time might now have been reached when OAS could no longer afford not to have Canada as one of its members.

Mr. Smith replied he could not give yes or no answer to question as raised by his Brazilian colleague.

He said, using best diplomatic language, he would state question was under constant consideration Ottawa. He wished to point out, however, that we had in several ways emphasized our genuine interest in Latin America. Canada was a young country internationally, yet from representation in six countries in 1939, she now had representation in 44 countries, one-quarter of which [were in] Latin America. Our qualified personnel was stretched to limit and sudden obligations such as those arising in Mideast have forced us to attend to pressing needs in other areas. The Minister was in Brazil precisely to give another proof of Canada's friendship towards Latin America. When linked to Mr. Diefenbaker's tour of Commonwealth[9] and Mr. Fleming's trip to Far East,[10] his own trip was a clear indication of new Canadian government awareness of Latin America. This showed deeper realization of Canada's hemispheric responsibilities. Joining to answer Brazilian Minister's question he frankly did not know if and when Canada would ever join OAS. He asked Brazilian Minister to look at one aspect of this question which may not have struck him. If we joined OAS, we might frequently find ourselves at odds with USA. In itself this was nothing to be scared of as long as we were sincere in our views but he wondered if in this new atomic era Canada's present relations with the USA were not already complex and delicate enough without bringing new disturbing factors into these relations.

Negrao de Lima commented that he was deeply appreciative of Minister's frankness dealing with his question. He also appreciated viewpoint [group corrupt] Minister touching upon our delicate relations with USA.

---

[9] Voir volume 24, chapitre III, 4ᵉ partie./See Volume 24, Chapter III, Part 4.

[10] Le ministre des Finances Donald Fleming a assisté à la réunion annuelle du Fonds monétaire international commencée le 6 octobre 1958 à New Delhi. Il a ensuite fait la tournée des pays d'Asie membres du Commonwealth et du Japon avant de rentrer au Canada le 16 novembre 1958.

Finance Minister Donald Fleming attended the annual meeting of the International Monetary Fund in New Delhi beginning on October 6, 1958; he subsequently toured Asian Commonwealth nations and Japan before returning to Canada on November 16, 1958.

Mr. Smith then returned to question of our commitments towards other areas of the world. He did not want to give impression he was thinking in terms of priorities or that cost would enter as a first element in our not joining either OAS or any other proposal made under Operation Pan America. He reviewed, however, financial commitments undertaken at Montreal Conference[11] and pointed out that a ten million dollar aid program to British West Indies[12] was striking close to Latin America. The Minister felt we had reached limit of our undertaking if we were not repeat not to get into financial difficulties or stretch our resources to point where we would cease to be effective. What he wished to underline was that there was no deliberate attempt on the part of Canadian Government to establish a scale of priorities which would exclude Latin America from our preoccupation.

(e) *Coffee Group.*

Minister told Brazilians Canadian Government was studying implications of our (group corrupt) coffee study group.

(f) Trade Minister said he had been struck by trade figures showing balance of payments unfavourable to Canada by ten million dollars and wondered if anything could be done about this. The Brazilian Foreign Minister did not comment. The Minister added Canadian market was readily accessible and that this was of assistance to Latin American countries.

Meeting was held in an atmosphere of great frankness cordiality. Brazilian Minister, his advisers were already aware of our attitude to problems of more immediate interest to them, and did not press their arguments vigorously on any particular issue.

[MARCEL] CADIEUX

---

527. DEA/11253-J-40

Le secrétaire d'État aux Affaires extérieures
au premier ministre

Secretary of State for External Affairs
to Prime Minister

SECRET. CANADIAN EYES ONLY. Ottawa, December 5, 1958

Dear Mr. Prime Minister,

I have just returned from my three-week goodwill visit to Latin America, and you may wish to have my general impressions on the countries I have just visited and our relations with them and Latin America generally.

Following the Colombo Plan Ministerial Meeting in Seattle, I spent two days in Vancouver with the officials of my Department who were to accompany me to Latin America, and we then flew to Rio de Janeiro via Mexico City and Lima, using Canadian Pacific Air Lines for the major part of the trip. I believe that the visit to Brazil was a success for Canada and served to strengthen the already warm relations between our two countries. I had the opportunities for very frank exchanges of views with President Kubitschek and Foreign Minister Negrao de Lima, and copies of a memorandum and a telegram[13] on these two conversations are attached for your information.

---

[11] Voir volume 24, chapitre III, 3ᵉ partie./See Volume 24, Chapter III, Part 3.

[12] Voir volume 24, les documents 445 à 453./See Volume 24, Documents 445-453.

[13] Voir le document précédent./See the previous document.

As you will see, we covered a wide range of subjects and, as a result, I have a clear impression that the Brazilians have a better understanding of our position on various questions including some that are very close to their hearts, such as Canadian membership in the Organization of American States or Canadian participation in a regional economic development fund. I have found President Kubitschek, Foreign Minister Negrao de Lima, and indeed all other Brazilian leaders with whom I talked most willing to respect Canada's stand on any issue even when they clearly differed in their appreciation of the problem. I also found a striking similarity of view between the Brazilian Government and the Canadian Government on the main problems facing the United Nations. I mentioned several times in the course of my visit to Brazil that I was very happy with the close relations which exist between the Brazilian and Canadian Delegations at the United Nations, and I am now more convinced than ever that the two Delegations should be able to work together still more closely if possible.

The Brazilians also seemed to be genuinely pleased with the first visit of a Canadian Secretary of State for External Affairs to any Latin American country. They showed their pleasure in various personal attentions directed to me personally or to my mission as a whole, such as when President Kubitschek replaced an ordinary morning call which I was supposed to make on him by a large men's luncheon at his palace where all members of my mission and all our Ambassadors in Latin America who had arrived in Rio de Janeiro for the meeting of our Heads of Mission were invited, or when, later on, he put his brand new Presidential Viscount aircraft at my disposal to fly from Rio to Brasilia, Brazil's new capital, and from there to Sao Paulo. A special military plane was also put at our disposal for the return trip to Rio after the visit to Sao Paulo.

During my visit to Brazil, I had many communications with Brazilian Traction officials. They all endeavoured to make the visit pleasant and successful. I am satisfied that they are making a substantial contribution to the economic development of the country and that they have, some time ago, very wisely, in my opinion, taken appropriate steps to associate influential Brazilians with their operations. Their relations with Brazilian leaders and members of the Government appeared to me to be very friendly. In accordance with Government and Company policy, I was naturally careful not to identify myself too much with the firm but, as there is a suspicion in the public that it may be dominated indirectly by United States interests, my dealings with Mr. Borden and with Brazilian executives may have been helpful in dispelling any such misconception.

My impressions of Brazil as a country can of course only be superficial as I have only visited the present as well as the future capital cities and its major industrial centre, Sao Paulo. It is obvious, however, that centres like Rio and Sao Paulo are wealthy and powerful by any standards. They recall Chicago and other similar dynamic United States communities. It seems to me that the experiments going on in these centres are bound to have a deep significance in terms of Latin America as a whole. A typical, daring and most interesting style of architecture has been developed and a tremendous building programme is under way. The country is expanding so fast that it is practically bursting at the seams. Over the years, I am confident that Brazil will become increasingly important both in hemispheric and even in world affairs and I come back with the belief that it may be in our interests to make sure that as the country develops we maintain and expand the good relations which we have already established with it and to which, I am sure, the Brazilians themselves attach considerable significance.

Another strong impression I derived from my short stay in Brazil is that its leaders, for a number of reasons, are very well disposed towards us. Their historical development, their relations with the United States and their economic problems are not very different from our own. Furthermore, I am inclined to think that they would not have been able to maintain their national unity and to retain control over such a large part of the American continent unless they had been able to bring to bear on the various issues facing them a good deal of political wisdom and practical sense. Like Canadians, I suspect that they have a flair for compromise and that instinctively they tend to favour moderate solutions. For this reason, they are inclined to associate with us in devising a counterweight to balance the United States and Spanish-speaking countries in hemispheric affairs. If we are willing to pay attention to them, to be sympathetic and helpful, I suspect that Brazil will be happy to continue to work closely with us in the field of foreign policy generally. During my stay in Brazil, they have been most insistent particularly that we should give them our most active support and join, for instance, the Organization of American States.

This particular problem of membership in the O.A.S. was the central theme of discussions in the course of a two-day meeting of a number of Heads of our Missions in Latin America which was held while I was in Rio. Officials of the Departments of Trade and Commerce and External Affairs had also come to Rio to take part in the meeting from which a number of interesting conclusions seem to emerge.

The general view was that Latin America as a whole is increasing in importance and that the various Latin American countries are very desirous of establishing closer relations with us. The participants were convinced that a strong case could now be made for Canadian participation in the O.A.S. If the conclusion is reached that because of other commitments and priorities as regards North American defence, the United Nations, NATO and the Commonwealth, resources are not likely to be available to enable us to join the O.A.S., there was a very strong feeling that we should find means of strengthening our relations with the Latin American countries generally. It was thought that this would be fully warranted as a result of our stake in preventing Communist infiltration in this part of the world and also in contributing to its material progress.

The need to study our relations with Latin America and to take some practical steps was becoming more urgent due to the fact that we may be in danger of losing our relative share in the trade with this area. Some mention was made of a possible contribution to a regional development fund or, alternatively, of giving assistance to our traders as regards credit facilities they could extend to their customers in the area.

As to information and cultural matters, our experts from the area are of the opinion that substantial results could be achieved at a cost of a slight investment in personnel and resources, particularly as regards film distribution. All were convinced that the meeting had served a very useful purpose and that similar discussions, either in Ottawa or in some other Latin American centre, could be arranged with advantage at suitable intervals.

Leaving Brazil on Saturday, November 29, I then proceeded to Mexico to attend the presidential inauguration. Formal ceremonies of one kind or another took up most of my time, but I am convinced that it would have been a mistake to leave Latin America after a visit to Brazil only. There is a good deal of rivalry between the countries in the area and a visit to Spanish-speaking Mexico after a short stay in Portuguese-speaking Brazil introduced a necessary element of balance in my tour. I am not sure also that my decision to attend the presidential inauguration in Mexico did not have something to do with the size and composition of the most impressive United States delegation which attended the ceremonies. As you may know, Mr. Dulles was accompanied by General Twining, Mr. Milton Eisenhower, the President of General Electric and a number of very senior civil servants.

To put it in a nutshell, I come back from my short visit to Latin America with the definite impression that the whole area is fast increasing in importance and that to the extent that our existing commitments will allow this, we ought to take adequate steps to ensure that we maintain and develop the satisfactory relations we have already established with that part of the world.

Yours faithfully,
SIDNEY SMITH

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL Rio de Janeiro, November 19, 1958

MEMORANDUM OF A CONVERSATION WITH PRESIDENT KUBITSCHEK AT LUNCHEON AT LARANJEIRAS PALACE, WEDNESDAY, NOVEMBER 19, 1958

Unexpectedly, and indeed to my surprise, the President talked English throughout the luncheon. He, rather than I, raised most of the points of conversation. He found an identity between Brazil and Canada through the name of the Prime Minister and his own name. He told me that his grandfather on his mother's side was born in Eastern Germany, and he remarked that it could perhaps only happen in Brazil and Canada that grandsons of immigrants could attain the highest post in government.

He enquired about the racial composition of Canada with particular reference to the portion of French Canadians; of Canadians of British stock, and Canadians whose ancestors came from Europe. He found in this ethnic distribution another similarity between Brazil and Canada.

He enquired also about the amount of foreign investment in Canada, which I reported to be a net investment of about $12 billion, $8 billion of which came from the United States, and the balance from the United Kingdom, Germany and other countries. He enquired about the impact on Canada of the United States investment. I told him about the incorporation of Canadian companies which, in essence, were branches of large American industrial corporations, for example, General Motors, Ford, Chrysler, General Electric, Canadian Westinghouse. I told him of some anxiety about the predominance of American personnel in the management of those Canadian companies, the dependence of those companies on research undertaken in the United States, but I stated that these situations from the standpoint of Canadian national interests were becoming more satisfactory as the years go by.

He spoke specifically about Petrobras and he enquired about the discovery and exploitation of oil in Canada. In speaking of oil I also mentioned gas, and I told him about the recent report of the so-called Borden Commission,[14] which had recommended the establishment of an Energy Board which would have power to issue or to refuse export licenses.

I then spoke to him about the combination operation in many fields in Canada of private enterprise and governmental undertakings. I told him about the development of hydroelectric power, in some parts of Canada by private enterprise and by governmental boards or commissions. Likewise in Canada we had two railway systems, one governmental and one operated by private enterprise. About telephones, they were operated by government and also by private enterprise, and I expressed doubts whether the pattern in one country could be satisfactorily adopted by another country. In any event, that is a matter of government policy in particular cases having in mind the national interest. I remarked to him that the day had passed when private enterprise can take the stand that having invested risk capital in the development of natural resources, such as hydro-electric power, oil and gas, they own those natural resources and the government must keep their hands off the development and operation of those undertakings. Again I mentioned, by way of example, the recommendations of the Borden Commission.

---

[14] Voir/See Document 141, note 225.

He then told me of the many target points that he had outlined in his election campaign for the presidency, and he remarked with pride that most of those target points will have been reached before he retires from office in 1960.

I remarked that the vast continental size of Brazil and of Canada raised comparable problems, and that Canadians are interested in Brazilian solutions. To that end there should be a greater exchange of information between the two countries. I mentioned to him the fact that in World War I and in World War II Brazil and Canada had marched together, and that in UNEF we were standing side by side.

I then told him something of Canada's commitments through the United Nations and its various organizations, through NATO, through the Commonwealth, and through the special defence arrangements between the United States and Canada for the defence of North America, indeed for the defence of the whole hemisphere and for the free world.

He then expressed the hope that Canada could join the OAS and he said that there is a vacant chair in that organization. He feels that Canada could play an important role in the OAS. I said that the Foreign Minister and I had discussed this problem on the day before, that is Tuesday, and I stated that my presence here was a manifestation of Canada's interest in Latin America. I informed him about the meeting of heads of missions to be held on Friday and Saturday of this week. I could not state what the decision of Canada concerning joining the OAS would be, but I did say that my visit is an indication that we desired to learn more about Latin America. I pointed out that of 46 missions abroad, 11, namely 1/4, are to be found in Latin American countries. That appeared to surprise him. I pointed out also that while Canada has had a recently remarkable expansion of its economy, we were a country of only 17 million people. He did not press further the point about our joining the OAS.

I spoke in warm terms of his imaginative and creative proposal for the development of a Latin American aid plan, which is known as Operation Pan American. I said that one of the factors in that proposal that appealed to Canada is the manifest resolution of the Latin American countries to do more than go to Washington and ask for more money or, in other words, the expressed desire of the Latin American countries to contribute to such a project in co-operation with the United States. He did not suggest in any way that Canada should join Operation Pan American.

He spoke in warm terms of our Ambassador in Brazil.

In his conversation he seemed to assume that Canada has a greater affinity to Brazil than to Spanish Latin American countries.

I stated that I was looking forward to visiting Brasilia which, to Canadians, is a symbolic undertaking that manifests new thinking and vision for the development of the nation.

We discussed the co-operation of Canada and Brazil at the United Nations. He indicated that he hoped such cooperation could prevail and could, indeed, be strengthened.

He is deeply concerned about the economic infiltration of the USSR in countries that are under-developed. "Pauperism" can be a seed bed for communism.

He then returned to his target points and spoke of his road programme and his development of hydro-electric projects. He told me with glowing pride of the development of units which would develop over 1,000,000 kilowatts. With the assistance of the International Bank to the amount of about $70 million, he hopes that these projects will be completed a few months before he retires from office.

He stated that his greatest problem is related to the production and sale of coffee. I told him of the discussion of agreements on a commodity basis at the recent Trade and Economic Conference held in Montreal, and I said that I had heard President Eisenhower, at the opening session of the Colombo Plan Consultative Committee held a few days ago in Seattle, announce the willingness of the United States to consider the entering into of agreements on a commodity basis to the end that the economy of countries that export primary products may be stabilized, and I expressed the interest of Canada in joining a Study Group relating to coffee.

He did not speak explicitly of Canadian-American relations or of international problems such as the Middle East and the Far East. I did not get the impression that he is particularly interested in those international problems. His time, his energy and his talents are centred in Brazil and in Latin America.

I was greatly impressed by this hard working and clear thinking leader. In speaking of his target points, he manifested a resolution to attain them for the national interest of Brazil. He left little doubt in me with respect to his mission to make a contribution during his term of office as President, and he made it clear that such term of office is strictly limited by the constitution.

He spent about a week in Canada a few years before he became President. From what I could gather from him he was a member of a parliamentary group. He visited, among other places, Montreal, Toronto and Ottawa. He wanted to learn not only about Central Canada, but also about the Maritime Provinces and Western Canada.

His questions were very direct; his answers to my questions very explicit. He rather embarrassed me when we arose from the luncheon table and I was about to leave by looking me in the eye and saying, "Do you know, I like you."

I am appending hereto† a translation of the speech that he addressed to me before the luncheon and a copy of my reply. I subsequently was informed that he appreciated very much the remarks that I had made at the dinner on Tuesday, November 18, that was held in my honour by the Foreign Minister, and by my pre-luncheon remarks on Wednesday, November 19.

SIDNEY SMITH

INDEX

A

ACCORD GÉNÉRAL SUR LES TARIFS DOUANIERS ET LE COMMERCE : *voir sous* restrictions à l'importation (Canada, fruits et légumes, dindons et volaille; É.-U., plomb et zinc, pétrole)

ACCORDS DE PARTAGE DE LA PRODUCTION (CANADA-É.-U.) : *voir sous* programme des intercepteurs CF-105; É.-U. (réunion de consultation (novembre 1958); réunion du Comité ministériel canado-américain de défense commune (décembre 1958); visite du président et du secrétaire d'État à Ottawa (juillet 1958))

ALERTES, 270-276; *voir aussi sous* détroit de Taïwan, crise de 1958 du; É.-U. (réunion de consultation (septembre 1957); réunion de consultation (novembre 1958)); NORAD (états de préparation); réunion du Comité ministériel canado-américain de défense commune (examen du Cabinet en préparation de la réunion; procès-verbal de la réunion; discussion du Cabinet subséquent à la réunion)

  consultations canado-américaines sur les procédures d'alerte, 272-275; approbation par le Canada du projet de réponse des É.-U., 275-276, 276n173; projet de réponse des É.-U. à la lettre du Canada relative aux alertes du 1er mars 1957, 270-271; réserves du Canada au sujet du projet de réponse des É.-U., 271-272

ARMES ATOMIQUES : *voir sous* armes nucléaires, intégration à la défense aérienne continentale

ARMES NUCLÉAIRES, INTÉGRATION À LA DÉFENSE AÉRIENNE CONTINENTALE, 57-77, 83-86, 112-116, 142-143, 170-171, 185, 226-236, 248-258; *voir aussi sous* Commandement de la défense aérienne de l'Amérique du Nord; É.-U. (réunion de consultation (septembre 1957); réunion de consultation (novembre 1958)); programme des intercepteurs CF-105; réunion du Comité ministériel canado-américain de défense commune (décembre 1958)

  acquisition par les forces canadiennes, 229-236, 248-258; projet de déclaration à la Chambre de communes concernant, 257-258

  avions de survol transportant des roquettes MB-1, 58, 58n60, 61, 63, 75-77, 142, 185, 229-231

  contrôle de l'utilisation, 62, 68, 84-85, 229-236, 249-258

  examen par le Cabinet, 72-73, 231-233; approbation des négociations exploratoires, 73

  examen par le Comité des chefs d'état-major, 62-77; projet de note au Cabinet, 69-70, 75; projets de notes au Comité du Cabinet pour la défense, 64-67

  examen par le Comité du Cabinet pour la défense, 83-86, 113-115; note au Comité, 86

  ministère des Affaires extérieures, position du, 62-64, 67-68, 71-72, 74, 83-85, 112-113, 228-229, 253-254

  missiles BOMARC, charges explosives atomiques pour, 58, 65, 68, 70, 143, 170-171, 229-230

  moyens du Commandement des forces aériennes stratégiques, 63-64, 74-75, 112-113, 250-251

  programme concernant l'arsenal nucléaire de l'OTAN, relation avec, 59, 61-62, 74, 84

  proposition des É.-U. concernant, 57-60; texte de l'aide-mémoire, 60

  réunion du Comité ministériel de défense commune, préparatifs pour la, 248-258

  stocks d'armes nucléaires à Goose Bay, 58-77, 83-86, 112-115; examen par le Comité du Cabinet pour la défense, 113-115; note au Comité du Cabinet pour la défense, 86; projet de note au Comité du Cabinet pour la défense, 66-67

AUSTRALIE : *voir sous* Japon (pardon des criminels de guerre japonais)

AVRO ARROW : *voir sous* programme des intercepteurs CF-105

B

BRÉSIL, VISITE DU SECRÉTAIRE D'ÉTAT AUX AFFAIRES EXTÉRIEURES AU, 1069-1079; *voir aussi sous* Organisation des États américains

  rencontre entre Smith et de Lima, 1071-1074; sujets de discussion : Opération panaméricaine, 1072-1073; ONU, 1071-1072; relations culturelles, 1071; OEA, 1073-1074, 1076

  rencontre entre Smith et Kubitschek, 1077-1079; sujets de discussion : développement économique du Brésil, 1079; investissements étrangers au Canada, 1077-1078; OEA, 1076, 1078; ONU, 1078; Opération panaméricaine, 1078

C

CHENAUX DE COMMUNICATION DES GRANDS LACS

  canal de dérivation du coude sud-est, construction du, 524-533; coût, 526; égalité des chances pour les entrepreneurs canadiens, 525-527, 530-532; moyens de contrôle de la pollution, 527; tarifs douaniers sur le matériel de construction américain, 532-533; terres de la bande indienne de Walpole Island, acquisition des, 528-530

CHINE (RÉPUBLIQUE POPULAIRE DE, COMMUNISTE); *voir aussi sous* Corée (République populaire démocratique de); détroit de Taïwan, crise de 1958 du; É.-U. (réunion de consultation (septembre 1957); réunion de consultation (novembre 1958); visite du secrétaire d'État à Ottawa (juillet 1957); visite du président et du secrétaire d'État à Ottawa (juillet 1958), sujets du breffage canadien en préparation de la visite, rencontres d'Eisenhower et Dulles avec Diefenbaker et Smith); Japon (visite du ministre des Affaires étrangères à Ottawa (septembre 1958));
  mission commerciale canadienne (1957), 899-917; ambassades des pays occidentaux en Chine, position des, 915-916; approbation de la mission par le ministère des Affaires extérieures, 899-900; avoirs canadiens en Chine, 902; Chine communiste, reconnaissance de la, 902; prêt canadien, 901; prêt Ming Sung, 901; ressortissants canadiens en Chine, 902; situation économique en Chine, 904-905, 912-913; situation politique en Chine, 903-904, 910-914; sociétés d'État, 906-908; ventes de blé à la Chine, 907-908
  reconnaissance de la, 920-932; aide-mémoire américain (11 août 1958) concernant, 929, 929n70; attitude des É.-U. face à la, 924-925, 929; avantages politiques de la, 922-923; conversation entre Diefenbaker et Ronning concernant, 930-932; effets sur le commerce entre le Canada et la Chine, 920-921, 923, 927; interventions de la Chine en Corée, relation avec, 926; la question des « deux Chines », 925-926; position juridique du gouvernement de Pékin, 923; réaction possible de la Chine communiste à sa reconnaissance, 926; représentation de la Chine communiste à l'ONU, 922, 924-925
  règlement américain sur le contrôle des avoirs étrangers, effets sur les sociétés canadiennes, 916-920; Ford du Canada Limitée, annulation de la commande de la Chine, 916; surveillance des exportations de produits stratégiques vers la Chine, relation avec, 919; représentations du Canada auprès d'Eisenhower et de Dulles, 920, 920n66

CISC : *voir* Commissions internationales de surveillance et de contrôle

COLOMBIE-BRITANNIQUE : *voir sous* fleuve Columbia (mise en valeur du)

COMITÉ CONSULTATIF DE LA POLITIQUE SUR L'UTILISATION DE L'EAU : *voir sous* fleuve Columbia (mise en valeur du)

COMITÉ DE POLITIQUE CONCERTÉE : *voir sous* réunion du Comité ministériel canado-américain de défense commune (décembre 1958); É.-U. (réunion de consultation (novembre 1958))

COMITÉ INTERMINISTÉRIEL SUR L'ÉCHANGE DE VISITES : *voir sous* Union des républiques socialistes soviétiques (visites et échanges officiels avec les pays communistes)

COMMANDEMENT DE LA DÉFENSE AÉRIENNE DE L'AMÉRIQUE DU NORD (NORAD), 28-40, 46-50, 53-57, 79-83, 87-111, 116-134, 181, 193-198, 226-236; *voir aussi sous* détroit de Taïwan, crise de 1958 du; É.-U. (réunion de consultation (septembre 1957); réunion de consultation (novembre 1958); visite du premier ministre à Washington (octobre 1957); visite du président et du secrétaire d'État à Ottawa (juillet 1958), sujets du breffage canadien en préparation de la visite); programme des intercepteurs CF-105; réunion du Comité ministériel canado-américain de défense commune (décembre 1958)
  armes nucléaires, utilisation par, 226-236
  contrôle politique sur, 79-80, 87-93, 97, 98, 102-107, 129-132; Comité ministériel de défense commune, mise sur pied du, 131-132, 181, 181n126; comité ministériel de surveillance proposé, 87-92, 129-130; points de vue des É.-U. concernant, 105-106; points de vue du ministère des Affaires extérieures concernant, 87-91, 93, 106-107; points de vue du ministère de la Défense nationale concernant, 91-92
  critiques parlementaires du, 53-57, 79, 92
  engagements de l'OTAN, relation avec, 53-54, 79-80, 82-83, 90, 95-96, 100-101, 104-105, 109, 117-118, 120-128, 132, 230
  états de préparation, 133-134, 193-198, 210-213, 234, 236, 241-243; et crise du détroit de Taïwan, 194-198, 210; et crise du Moyen-Orient, 133-134, 193, 210, 213, 241-242; et procédure d'alerte, 194-196
  examen par le Cabinet, 110-111, 125-126
  examen par le Comité du Cabinet pour la défense, 116
  mandat, 54-55, 57, 82, 93, 104, 111, 116

nomination du commandant en chef adjoint, 31-32, 36

notes intergouvernementales, échange de, 46-50, 53, 80-83, 92-102, 107-111, 117-128; accord sur le texte des notes, 128, 128n109; critique publique, 104-105; demande des notes par le ministère des Affaires extérieures, 48-49; examen par le Cabinet des, 110-111, 125-126; points de vue du premier ministre concernant, 97; position des É.-U. concernant, 117-119; projet de la note du Canada, texte de la, 80-83, 94-96, 99-102, 126-127; projet de la note des É.-U., texte du, 119-122

plaintes des Affaires extérieures au sujet du manque de consultation, 32-40, 46-50, 55-57

recommandations d'approbation du ministère de la Défense nationale, 28-31, 36

COMMISSION MIXTE INTERNATIONALE : *voir aussi sous* fleuve Columbia (mise en valeur du)

dérivation de Chicago, 472-479; aide-mémoire du Canada (6 janvier 1958) concernant, 475-476; dérivation de Long Lac-Ogoki, 473, 476; effet sur la production d'électricité et la navigation ailleurs dans le bassin des Grands Lacs et du Saint-Laurent, 473-475; examen par le sénat de la deuxième résolution de la Chambre des représentants et des modifications, 476-479; projet de loi du Congrès concernant, 473-475; Traité des eaux limitrophes, relation avec, 472, 475, 477-478

pollution de la rivière à la Pluie et du lac des Bois, renvoi à la CMI, 479-480

COMMISSIONS INTERNATIONALES DE SURVEILLANCE ET DE CONTRÔLE AU LAOS ET AU VIETNAM : *voir sous* Indochine (CISC, dissolution de la Commission du Laos; CISC, opérations au Vietnam)

CONFÉRENCE COMMERCIALE ET ÉCONOMIQUE DU COMMONWEALTH : *voir sous* É.-U. (visite du président et du secrétaire d'État à Ottawa (juillet 1958), sujets du breffage canadien en préparation de la visite, rencontres d'Eisenhower et Dulles avec Diefenbaker et Smith); Japon (visite du ministre des Affaires étrangères à Ottawa (septembre 1958))

CONTINGENTEMENTS : *voir* restrictions à l'importation

CORÉE (RÉPUBLIQUE DE; CORÉE DU SUD) : *voir sous* Corée (République populaire démocratique de, Corée du Nord) (retrait des forces chinoises communistes)

CORÉE (RÉPUBLIQUE POPULAIRE DÉMOCRATIQUE DE; CORÉE DU NORD) : *voir aussi sous* Chine (République populaire de, communiste) (reconnaissance de la)

retrait des forces chinoises communistes, 951-955; échange de notes de la Chine et des pays membres des Nations Unies avec les forces en Corée du Sud, 953-954, 953n90, 954n91; élections en Corée du Nord et en Corée du Sud, 951-952; positions du Canada, 954-955; de la Corée du Sud, 953; des É.-U., 953-954; projet de la Chine, 951, 951n89

COÛTS DE DÉDOUANEMENT DU CANAL DE SUEZ, 606-630

contribution du Canada, 606; approbation du projet de majoration par l'AGNU, 618; coûts totaux de dédouanement, 607-608; directives à la délégation canadienne à la 12ᵉ AGNU concernant, 611-612; opinion du Canada sur le projet de résolution des Nations Unies, 617; opposition de la marine marchande au projet de majoration, 623-625; opposition du R.-U. au projet de majoration, 619-621; projet de remboursement de la majoration, 608-609, 611; projet de résolution des Nations Unies concernant, 614-616; rapport du Secrétaire général concernant, 613, 613n51; remboursement de la majoration payée par les propriétaires de navires canadiens, opinions de la Commission maritime canadienne, 628; du ministère des Finances, 625-626; remboursement par le gouvernement canadien de la majoration payée par les propriétaires de navires canadiens, approbation du, 629-630; représentations du Canada auprès du R.-U. concernant le projet de majoration, 621-622

D

DÉFENSE AÉRIENNE CONTINENTALE DE L'AMÉRIQUE DU NORD : *voir sous* alertes, Comité ministériel canado-américain de défense commune, Commandement de la défense aérienne de l'Amérique du Nord, programme des intercepteurs CF-105, Système de détection lointaine des missiles balistiques; armes nucléaires, intégration à la défense aérienne continentale; détroit de Taïwan, crise de 1958 du; É.-U. (réunion de consultation (septembre 1957); réunion de consultation (novembre 1958); visite du premier ministre à Washington (octobre 1957); visite du président et du secrétaire d'État à Ottawa (juillet 1958)); installations de navigation aérienne tactique, mise sur pied des

DÉTROIT DE TAÏWAN, CRISE DE 1958 DU, 852-899; *voir aussi sous* Japon (visite du ministre des Affaires étrangères à Ottawa (septembre 1958)); Commandement de la défense aérienne de l'Amérique du Nord (états de préparation); É.-U. (réunion de consultation (novembre 1958))

proposition de médiation du Canada, 878-879, 887; annonce de cessez-le-feu, 888-892; communications entre la Chine communiste et la Chine nationaliste, 888-889; correspondance entre Diefenbaker et Macmillan, 860-862, 864-865, 867-868; correspondance entre Dulles et Smith, 857-858, 895; états de préparation du NORAD, relation avec, 855-856; examen par les Nations Unies, 875-876, 882-890, 897-899; positions de la Chine nationaliste, 880-881; de l'Inde, 875, 882; du R.-U., 856, 864-865, 876; de l'URSS, 875-876; négociations de Varsovie concernant, 869-875, 883-887, 889-891, 898-899; pourparlers entre Dulles et Chiang et communiqué commun, 896-897; problèmes d'approvisionnement des îles Quemoy et Matsu, 871-872, 874, 890-891; reconnaissance de la Chine communiste par le Canada, relation avec, 885; renforcement de la puissance militaire de la Chine communiste, 853-854; représentations des É.-U. auprès du Canada, 858-859, 865-866; représentations de la Chine nationaliste auprès du Canada, 880-881; représentations du Canada auprès des É.-U., 862-864, 866-874, 892-895; traité de défense entre les É.-U. et Formose, 852, 854, 857, 859, 866

E

ENQUÊTES DU CONGRÈS SUR LA SÉCURITÉ, 259-269; *voir aussi sous* États-Unis (visite du secrétaire d'État à Ottawa (juillet 1957))

allégations contre R.B. Bryce, 268-269; diffusion d'autres témoignages devant le Sous-comité sur la sécurité intérieure du Sénat, 268-269; note des É.-U. (13 août 1957) en réponse à la note de protestation du Canada du 10 avril 1957, texte de la, 262-263; procédures d'échange d'information en matière de sécurité de la GRC, 259-261; projet de la note du Canada en réponse à la note des É.-U. du 13 août 1957, texte du, 267

ÉTATS-UNIS (É.-U.) : *voir aussi sous* alertes; chenaux de communication des Grands Lacs; Chine (République populaire de, communiste) (reconnaissance de la); Commandement de la défense aérienne de l'Amérique du Nord; Commission mixte internationale; détroit de Taïwan, crise de 1958 du; enquêtes du Congrès sur la sécurité; excédents agricoles, écoulement par les États-Unis; Force d'urgence des Nations Unies (FUNU) (financement de la); Indochine (CISC, opérations au Vietnam); installations de navigation aérienne tactique, mise sur pied des; installations de ravitaillement en carburant du Commandement aérien stratégique; Liban et Jordanie, intervention militaire anglo-américaine de 1958 au; Moyen-Orient (exportations d'armes vers le Moyen-Orient, vers Israël); programme des intercepteurs CF-105; règlement américain sur le contrôle des avoirs étrangers; fleuve Columbia; restrictions à l'importation; réunion du Comité ministériel canado-américain de défense commune (décembre 1958); réunion du Comité mixte canado-américain pour le commerce et les affaires économiques (octobre 1957); Syrie, plainte auprès des Nations Unies concernant la menace militaire turque; Système de détection lointaine des missiles balistiques (BMEWS)

pont Campobello-Lubec, construction du, 533-535; coût, 534-535;

réunion de consultation (septembre 1957), 295-309; sujets de discussion : alertes, 308; armes nucléaires utilisées pour la défense aérienne continentale, 308; Chine communiste, commerce avec la, 302; Corée, 301; désarmement, 299-300; exportations d'armes, 304-305; Formose, 301; FUNU, 304; Japon, 302-303; menace soviétique, 297-298, 307-309; Moyen-Orient, 303-305; Nations Unies, 298; NORAD, 308-309; OTAN, 300, 305-306; stocks d'armes nucléaires en Europe, 306; surveillance des exportations de produits stratégiques, 302; ventes d'uranium, 306; Vietnam, 302

réunion de consultation (novembre 1958), 310-318; sujets de discussion : acquisition d'armes nucléaires et contrôle par le Canada, 311-312; Comité de politique concertée, réactivation du, 315; Comité ministériel de défense commune, 316; Commission permanente mixte de défense, 314-315; états de préparation du NORAD, 313-314; partage de la production, 315-316; situation dans le détroit de Taïwan, 317-318; vols du SAC, 312-313

visite du premier ministre à Washington (octobre 1957), 4-5; sujets de discussion :

nationalisme arabe, 5; NORAD, 5; plainte de la Syrie auprès des Nations Unies, 4-5; politique américaine d'écoulement des excédents agricoles, 5; réunion du Comité mixte pour le commerce et les affaires économiques, 4; visite de la Reine, 4

visite du président et du secrétaire d'État à Ottawa (juillet 1958), 6-27

  rencontres d'Eisenhower et Dulles avec Diefenbaker et Smith, 14-22; sujets de discussion : accords internationaux sur les produits de base, 17; Banque et Fonds monétaire international, 16; bovins, 20; Chine communiste, commerce avec la, 19-22; Chine communiste, reconnaissance de la, 21-22; Comité ministériel de défense commune, création du, 20; Comité mixte pour le commerce et les affaires économiques, 15; Conférence économique et commerciale du Commonwealth, 15-16; fleuve Columbia, 22; immigration, 14, 18; *Loi sur les accords commerciaux réciproques*, 18; plomb et zinc, 18; proposition d'une banque alimentaire, 17-18; restrictions américaines sur l'importation de pétrole, 19; surveillance des exportations de produits stratégiques, 15; taxe sur les périodiques, 15

  rencontres entre Dulles et les ministres canadiens, 22-27; sujets de discussion : accords de partage de la production de défense, 22-26; barrage Libby, 26-27; BOMARC, 24; CF-105, 23-24; fleuve Columbia, 26-27; NORAD, 23; SAGE, 24; statut d'État de l'Alaska, 27

  sujets du breffage canadien en préparation de la visite, 6-14; positions sur : accords de partage de la production de défense, 6, 13; Banque et Fonds monétaire international, 7-11; Chine communiste, commerce avec la, 13; Chine communiste, reconnaissance de la, 13; Comité ministériel de défense commune, 6, 13; Conférence économique et commerciale du Commonwealth, 7-9; *Loi sur les accords commerciaux réciproques*, reconduction de la, 9-10; NORAD, 6, 13; offensive économique soviétique, 9-10, 12-13; plomb et zinc, 7; politique américaine d'écoulement des excédents agricoles, 7; proposition d'une banque alimentaire, 7; restrictions américaines d'importation de pétrole, 7; réunion du Comité mixte pour le commerce et les affaires économiques, 7; surveillance des exportations de produits stratégiques, 13

visite du Secrétaire d'État à Ottawa (juillet 1957), 1-3; sujets de discussion : dindons, 3; échange d'informations sur la sécurité, 2; investissements américains au Canada, 3; plomb et zinc, 3; politique à l'égard de la Chine, 2; politique américaine d'écoulement des excédents agricoles, 2-3; pourparlers de Londres sur le désarmement, 1; réunion du Comité mixte pour le commerce et les affaires économiques, 2; visite du premier ministre à Washington, 2

EXCÉDENTS AGRICOLES, ÉCOULEMENT PAR LES ÉTATS-UNIS, 414-433; *voir aussi sous* É.-U. (visite du secrétaire d'État à Ottawa; visite du premier ministre à Washington; visite du président et du secrétaire d'État à Ottawa); réunion du Comité mixte canado-américain pour le commerce et les affaires économiques (octobre 1957)

  Agricultural Trade Development and Assistance Act, reconduction de la, 418-420; changements apportés par les É.-U. au programme de troc, 420-433; conséquences pour le Canada, 417-420; discussions du Comité mixte canado-américain pour le commerce et les affaires économiques concernant l', 422, 426, 431, 433; note de protestation du Canada, texte de l' (24 novembre 1958), 430-432; réponse des É.-U. (31 décembre 1958) à la note du Canada du 24 novembre 1958, 432-433; représentations du Canada auprès des É.-U., 422-425

F

FLEUVE COLUMBIA : *voir aussi sous* États-Unis (visite du président et du secrétaire d'État à Ottawa (juillet 1958), rencontre entre Dulles et les ministres canadiens, rencontres d'Eisenhower et Dulles avec Diefenbaker et Smith)

  mise en valeur du, 480-524; aide-mémoire des É.-U. concernant le fleuve Columbia, textes des : (21 avril 1958) 491-492; (17 novembre 1958) 512; avantages d'aval, 485-486, 492, 494-495, 513-519, 521; barrage Libby, 481-483, 485, 489-492, 496-497, 499-501, 507, 511-512, 515, 517; Comité consultatif de la politique sur l'utilisation de l'eau, document de travail concernant, 520-524; Comité du Cabinet chargé des problèmes concernant le fleuve Columbia, délibérations du, 498-500, 517-518; Commission mixte internationale, rôle de la, 481-485, 488-490, 493, 495-496, 498-501, 503-504, 507, 511, 513-519, 521; communication du gouvernement canadien avec le gouvernement de la Colombie-Britannique, 507-508; détournement des eaux du bassin Thompson-Fraser, 486-487, 493-494; établissement d'une liaison entre le gouvernement canadien et le gouvernement de la Colombie-Britannique, 507-508, 510; établissement de voies de discussions diplomatiques entre le Canada et les É.-U., 511-513, 515-516; Rapport McNaughton sur d'autres possibilités de mise en valeur du fleuve Columbia, 510-511, 516; réponse du Canada (16 juillet 1958) à l'aide-mémoire des É.-U. du 21 avril 1958, 501; réponse du Canada (5 décembre 1958) à l'aide-mémoire des É.-U. du 17 novembre 1958, 515-516; représentations de la Colombie-Britannique auprès du gouvernement canadien, 488-490, 502-505, 508; représentations des É.-U. auprès du Canada, 482-485, 491-492

FONDS MONÉTAIRE INTERNATIONAL : *voir sous* États-Unis (visite du président et du secrétaire d'État à Ottawa (juillet 1958), sujets du breffage canadien en préparation de la visite, rencontres d'Eisenhower et Dulles avec Diefenbaker et Smith)

FORCE D'URGENCE DES NATIONS UNIES (FUNU), 568-605
  accord du Canada de participer à la, 568-569
  commandement canadien de la, 569-572
  financement de la, 572-605; adoption de la résolution de financement par l'Assemblée générale, 602-603; contributions du : Canada, 576-579; des É.-U., 574-575, 578, 589-590, 597, 601; du R.-U., 574, 601; contributions volontaires, 574-580; coûts de la FUNU, 574; discussion du Comité consultatif de la FUNU au sujet du, 584-586, 594-596; évaluation du Canada du débat de l'Assemblée générale, 604-605; positions du Canada, 576-577, 580-581, 588, 597-599; de l'Égypte, 573-574, 576, 596, 603; des É.-U., 576, 587, 589-590; de l'Inde, 585-586; d'Israël, 572-574, 576; de la Norvège, 585, 587, 589, 594-595; du R.-U., 596; de l'URSS, 596, 603; prise d'effet de la FUNU, 572-573; projet de résolution des Nations Unies concernant, 591-593; rapport du Secrétaire général concernant, 577, 577n44, 580-586, 598; rotation des contingents nationaux, 573

FORMOSE : *voir sous* Chine (République populaire de) (reconnaissance de la), détroit de Taïwan, crise de 1958 du; É.-U. (réunion de consultation (septembre 1957); réunion de consultation (novembre 1958); visite du président et du secrétaire d'État à Ottawa (juillet 1958), rencontres d'Eisenhower et Dulles avec Diefenbaker et Smith)

FRANCE : *voir sous* Liban et Jordanie, intervention anglo-américaine de 1958 en (rencontre au sommet, propositions de)

FUNU : *voir* Force d'urgence des Nations Unies

G

GATT : *voir* Accord général sur les tarifs douaniers et le commerce

GONUL : *voir sous* Groupe d'observation des Nations Unies au Liban

GOOSE BAY, STOCKS D'ARMES NUCLÉAIRES À : *voir sous* armes nucléaires, intégration à la défense aérienne continentale

GROUPE D'OBSERVATION DES NATIONS UNIES AU LIBAN : *voir sous* Liban et Jordanie, intervention militaire anglo-américaine de 1958 au

H

HAUT COMMISSAIRE DES NATIONS UNIES POUR LES RÉFUGIÉS : *voir sous* réfugiés hongrois

HCNUR : *voir* Haut Commissaire des Nations Unies pour les réfugiés

I

INDE : *voir sous* Indochine (CISC, dissolution de la Commission du Laos; CISC, opérations au Vietnam); détroit de Taïwan, crise de 1958 du; Force d'urgence des Nations Unies (financement de la); Syrie : plainte auprès des Nations Unies concernant la menace militaire turque

INDOCHINE : *voir aussi sous* Laos (visite du premier ministre à Ottawa (janvier 1958))
  CISC, dissolution de la Commission du Laos, 798-806; Accord de Genève, respect des conditions, 799; appui du Canada au retrait unilatéral, 800, 800n3; appui du Canada à la suspension *sine die*, 802-804; opposition de la Pologne à la suspension, 804-806; proposition de l'Inde de suspension *sine die*, 800-801; suspension de la Commission, 806
  CISC, opérations au Vietnam, 806-851
    crédits pour le matériel de guerre (article 17), 818-821, 824-825, 827-835; discussion de la Commission, 819-821, 830-832; positions de l'Inde, 819, 824, 827-828, 830-831; de la

Pologne, 820, 830-831; du Sud-Vietnam, 820; procédure pour l'octroi des crédits, texte de la, 832-835; représentations du Canada auprès de l'Inde concernant, 825, 827-828; retrait du matériel militaire français, 818, 820, 830

plafond du MAAG, proposition des É.-U. de relever le, 835-851; aide-mémoire des É.-U. concernant (5 septembre 1958), texte de l', 845-846; positions du Canada, 841-842; de l'Inde, 839-840; du Nord-Vietnam, 850-851; du R.-U. 837-838; réponse du Canada à l'aide-mémoire des É.-U., texte de la, 848-849; représentations des É.-U. auprès du Canada concernant, 835-836, 844-845; représentations du Canada auprès des É.-U. concernant, 843-845, 847-848, 851; visite du secrétaire d'État américain à Ottawa, préparatifs de la, 838-839

réduction de l'effectif de la Commission, 806-817, 821-823, 826-827, 829-830, 842-843; élimination des sites de l'équipe permanente, 809, 814-816, 842-843; positions de l'Inde, 808, 811-812, 816-817, 823, 826-827, 829-830, 842-843; de la Pologne, 829; projet de proposition du Canada pour la réorganisation de la structure de l'équipe permanente, 821-822; rejet par la Commission de la proposition du Canada de réorganiser la structure de l'équipe permanente, 829-830; représentations du Canada auprès de l'Inde concernant, 826-827; taille de la Commission canadienne, 812-813

INSTALLATIONS DE NAVIGATION AÉRIENNE TACTIQUE (TACAN), MISE SUR PIED DES, 293-295

approbation du Cabinet, 295n180; emplacements, 294; recours à des entrepreneurs canadiens, 294-295

INSTALLATIONS DE RAVITAILLEMENT EN CARBURANT DU COMMANDEMENT AÉRIEN STRATÉGIQUE, 276-287; *voir aussi sous* armes nucléaires, intégration à la défense aérienne continentale

approbation par le Cabinet de la demande des É.-U. relative aux, 279; « attention égale » accordée aux entrepreneurs canadiens, 276-280; demande des É.-U. de stationner en permanence des avions-citernes et du personnel et approbation du Canada, 280-284; texte des notes échangées, 285-287

ISRAËL : *voir aussi sous* Moyen-Orient (exportations d'armes vers le Moyen-Orient, vers Israël)

visite du ministre des Affaires étrangères à Ottawa (octobre 1958), 793-797; positions du Canada sur les relations israélo-arabes, 794; les exportations d'armes vers Israël, 795-796; le rôle des Nations Unies, 794; sujets de discussion : exportations d'armes, 797; unité arabe, 797

J

JAPON : *voir aussi sous* Syrie, plaintes auprès des Nations Unies concernant la menace militaire turque; É.-U. (réunion de consultation (septembre 1957))

citoyenneté canadienne pour les Japonais rapatriés de retour au Canada, 945-946

pardon des criminels de guerre japonais, 933-938; décisions sous l'ancienne politique canadienne, 935; note accordant la clémence, texte de la, 936-937; positions de l'Australie, 938; du Canada, 935-937; des É.-U., 933-934; du R.-U., 937-938; Traité de paix de San Francisco, dispositions concernant, 935

visite du ministre des Affaires étrangères à Ottawa (septembre 1958), 939-945; sujets de discussion : Chine communiste, commerce avec la, 943-944; Chine communiste, reconnaissance de la, 940; commerce bilatéral, 939, 943; Conférence économique et commerciale du Commonwealth, 943; crise du détroit de Taïwan, 939-942; désarmement, 944-945; Plan Colombo, 939; présidence de l'AGNU, 942

JORDANIE : *voir sous* Liban et Jordanie, intervention militaire anglo-américaine de 1958 en

L

LAOS : *voir aussi sous* Indochine (CISC, dissolution de la Commission du Laos)

visite du premier ministre à Ottawa (janvier 1958), 946-951; sujets de discussion : Commission internationale de surveillance et de contrôle au Laos, 946-950; Plan Colombo, 948, 950; situation politique au Laos, 946-947, 949-950

LIBAN ET JORDANIE, INTERVENTION MILITAIRE ANGLO-AMÉRICAINE DE 1958 AU, 665-791; *voir aussi sous* Moyen-Orient (exportations d'armes vers le Moyen-Orient, vers Israël); Commandement de la défense aérienne de l'Amérique du Nord (états de préparation)

Assemblée générale des Nations Unies, session d'urgence de l', 767-770; approbation de la résolution arabe par l'AGNU, 782; positions du Canada, 768-769, 771-772, 777, 779; du Liban, 778; résolution arabe sur le retrait des troupes anglo-américaines, 781-782; résolution des sept puissances sur le retrait des troupes anglo-américaines, 772-773, 775-776, 779-780; Secrétaire général, points de vue du, 770

Conseil de sécurité, plainte du Liban concernant les activités de la République arabe unie, 671-672, 675-677, 679-694; discussion par la Ligue arabe de, 684-687; positions du Canada, 677, 679-680, 687, 689; des É.-U., 683, 692-693; du Japon, 685, 688-689; de la RAU, 688; de la Suède, 686; de l'URSS, 685, 692; résolution demandant la création d'un groupe d'observateurs international, 690, 693-694; texte de la plainte du Liban, 676-677

Conseil de sécurité, réaction à l'intervention anglo-américaine, 718-742; opération de la FUNU envisagée, 718, 728, 734; positions du Canada, 718, 721-722, 730-731, 738; des É.-U., 722-724, 732, 737-738; du Japon, 733; du Liban, 731, 738-739; de la RAU, 723, 739; du R.-U., 725-726, 733; de l'URSS, 723-724, 727, 733, 738, 740-741; projet de résolution des É.-U., 719-721; projet de résolution du Japon, 729, 736-737; Secrétaire général, points de vue du, 733-736; veto opposé à la résolution des É.-U., 732; veto opposé à la résolution du Japon, 740

doctrine d'Eisenhower, 666, 666n69

garanties militaires anglo-américaines au Liban et à la Jordanie, 674, 695, 700, 703-704, 707

GONUL, 690, 694-695, 721,723, 735, 749-750, 788, 791-792; participation du Canada au, 695n76; renforcement du contingent canadien, 749-750, 791-792

intervention militaire anglo-américaine, 716-718

Iraq, renversement de la monarchie, 717, 717n85, 750; reconnaissance du nouveau gouvernement par le Canada, 750

Liban, situation politique, 671-676, 678-680, 695-714, 748-749; démarche É.-U.-R.-U.-France auprès de Chamoun, 715; élection de Chehab, 748-749; infiltration de la frontière par la République arabe unie, 672, 675-676; opération de la FUNU envisagée, 701-702, 706, 708-709; opposition intérieure à Chamoun, 672-673, 678; positions du Canada, 700-702; des É.-U. 675-676, 678-679, 697, 702-703, 710-713; du R.-U., 697-700, 704-707; rapport du Secrétaire général sur la, 713-714

rencontre au sommet, propositions de, 741-748, 750-751, 753-767; approbation par les É.-U. du projet de résolution demandant la tenue d'une session d'urgence de l'AGNU, 766; positions du Canada, 742-744, 758-763; des É.-U., 755-756, 764-766; de la France, 758; du Liban, 765-766; du R.-U., 744-745, 765-766; de l'URSS, 764, 766-767; projet de résolution des É.-U. pour le Conseil de sécurité, 763-764; propositions pour la tenue d'une session d'urgence de l'AGNU, 756-757; Secrétaire général, points de vue du, 746-748, 753-755

union de l'Égypte et de la Syrie et formation de la République arabe unie, 665-667; positions du Canada, 667; des É.-U., 666-667; du R.-U., 666

union de l'Iraq et de la Jordanie et formation de l'Union arabe, 668-671; position du Canada, 669-671

voyage du Secrétaire général au Moyen-Orient (septembre 1958), 783-791; discussions avec des représentants officiels canadiens concernant, 788-791

M

MEXIQUE : PRÉSENCE DU SECRÉTAIRE D'ÉTAT AUX AFFAIRES EXTÉRIEURES À L'ASSERMENTATION DU PRÉSIDENT, 1074-1077

MISSILES BOMARC : *voir sous* armes nucléaires, intégration à la défense aérienne continentale; É.-U. (visite du président et du secrétaire d'État à Ottawa (juillet 1958), rencontre entre Dulles et les ministres canadiens); programme des intercepteurs CF-10; réunion du Comité ministériel canado-américain de défense commune (décembre 1958) (procès-verbal de la réunion)

MOYEN-ORIENT : *voir aussi sous* Commandement de la défense aérienne de l'Amérique du Nord (états de préparation); coûts de dédouanement du canal de Suez; Force d'urgence des Nations Unies; É.-U. (réunion de consultation (septembre 1957); visite du premier ministre à Washington (octobre 1957)); Israël (visite du ministre des Affaires étrangères à Ottawa (octobre 1958)); Liban et Jordanie (intervention anglo-américaine de 1958 au); Syrie, plainte auprès des Nations Unies concernant la menace militaire turque

exportation d'armes vers le Moyen-Orient, 536-567 politique générale, 537-543, 544-546, 549; approbation de la politique officielle par le Cabinet, 540n8; catégories du régime de licences, 540-543; *Loi sur les licences d'exportation et d'importation* (1954), relation avec, 538-541; OTAN, relation avec, 538-539, 541; pays communistes, 538, 541-542

vers Israël, 536-537, 543-567; aéronefs F-86, 536-537; canons de 25 livres, 552-553, 555; crise du Liban et de la Jordanie, relation avec, 551, 558-559, 562, 564; Déclaration tripartite, (1950), relation avec, 557, 559, 561, 563; équipement de communication, 545-546, 548, 560, 566; FUNU, relation avec, 536-537; pièces de rechange de véhicules, 543-544, 546; mitrailleuses Browning, 536-537, 567; positions des É.-U., 549-551, 556-557, 561-562, 565; du R.-U., 549-551, 556-560, 562-564; de l'URSS, 554, 557; représentations d'Israël concernant, 549, 565-567; représentations du Congrès juif canadien concernant, 550-552, 554-555; torpilles aériennes, 549-550, 553-557, 565-567; tracteurs Shervic et pièces de rechange de tanks, 546-548

N

NORD CANADIEN, PRÉSENCE MILITAIRE AMÉRICAINE DANS LE : *voir sous* armes nucléaires (avions de survol transportant des roquettes MB-1); É.-U. (réunion de consultation, vols du SAC); installations de navigation aérienne tactique, mise sur pied des; installations de ravitaillement en carburant du Commandement aérien stratégique (SAC); programme des intercepteurs CF-105 (élargissement du réseau radar Pinetree); Système de détection lointaine des missiles balistiques

O

ORGANISATION DES ÉTATS AMÉRICAINS, APPARTENANCE DU CANADA À L', 1068-1069; *voir aussi sous* Brésil, visite du secrétaire d'État des Affaires extérieures à l'

ORGANISATION DES NATIONS UNIES (ONU) : *voir sous* Brésil, visite du Secrétaire d'État aux Affaires extérieures à l'; Chine (République populaire de, communiste) (reconnaissance de); coûts de dédouanement du canal de Suez; Force d'urgence des Nations Unies; Israël (visite du ministre des Affaires étrangères à Ottawa (octobre 1958)); Liban et Jordanie, intervention militaire anglo-américaine de 1958 au; Pologne (trésors artistiques); réfugiés hongrois; Syrie : plainte auprès des Nations Unies concernant la menace militaire turque

ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD : *voir sous* Commandement de la défense aérienne de l'Amérique du Nord; Union des républiques socialistes soviétiques (proposition de rencontre au sommet et lettres de Boulganine)

OTAN : *voir* Organisation du Traité de l'Atlantique Nord

P

PLAN COLOMBO : *voir sous* Japon (visite du ministre des Affaires étrangères à Ottawa (septembre 1958); Laos (visite du premier ministre à Ottawa (janvier 1958))

POLOGNE : *voir aussi sous* Indochine (CISC, dissolution de la Commission du Laos, opérations au Vietnam, réduction de l'effectif de la Commission, crédits pour le matériel de guerre (article 17))

trésors artistiques, 976-984; appel possible de la Pologne auprès des Nations Unies ou de la Cour internationale de justice, 978-979; demande d'indemnisation de la Banque de Montréal pour la restitution des trésors, 976-977; représentations de la Pologne concernant, 976-977, 982-983; restitution des trésors de la Banque de Montréal, 984n9; rôle des signataires autorisant la Banque de Montréal à restituer les trésors, 979-980, 983-984; visite de la délégation polonaise à Ottawa concernant, 983-984

PONTS, INTERNATIONAUX : *voir sous* États-Unis (pont Campobello-Lubec)

PROGRAMME DES INTERCEPTEURS CF-105, 41-46, 51-53, 78-79, 134-180, 182-193, 199-210, 214-226, 237-241, 243-248; *voir aussi sous* É.-U. (visite du président et du secrétaire d'État à Ottawa (juillet 1958), rencontre entre Dulles et les ministres canadiens); réunion du Comité ministériel canado-américain de défense commune (procès-verbal de la réunion; discussion du Cabinet subséquente à la réunion concernant)

accords sur le partage de la production à la place de la production de CF-105, 140-141, 143, 144-147, 164-165, 177, 180, 203, 205, 214-226, 237-241, 243-248; domaines possibles de participation du Canada : BOMARC, 225, 237, 244, 247-248; radars auxiliaires, 226, 237, 244, 247-248; radars principaux, 226, 244, 247-248; SAGE, 225, 237-238, 244, 247-248; mémoire du Cabinet concernant,

247-248; négociations avec les É.-U., 214-226, 237-241
CF-100 (Mark VI), annulation des, 44-46
consultation du ministère de la Défense nationale auprès des É.-U. et décision d'annuler le programme, 152
coût, 51-52, 140-141, 143, 154, 156-161, 163-164, 175, 179-180, 184-187, 190-193
dépenses pour l'aide mutuelle, relation avec, 163-164
élargissement du réseau radar Pinetree, 134-136, 138-139, 144, 147-148, 161-162; approbation par le Comité du Cabinet pour la défense, 139; coût, 138, 162
engagements de l'OTAN, relation avec, 41-43, 142-143, 167, 171-172
examen par le Cabinet, 51-53, 182-193, 199-210; annulation du programme de production de CF-105, 208; approbation des bases de lancement de missiles BOMARC, 208; indécision ministérielle, 193, 201, 204; note du ministère de la Défense nationale recommandant l'annulation des CF-105, 182-187; proposition du programme de production révisé, 204
examen par le Comité du Cabinet pour la défense, 144-151, 153-180; appui à l'annulation des CF-105, 179-180; décision d'installer des bases de lancement de missiles BOMARC, 180; ministère de la Défense nationale, 153-162; ministère des Finances, 162-166; ministère de la Production de défense, 144-151; notes de service du ministère des Affaires extérieures, 168-173
incidences sur la politique étrangère, 166-173
menace posée par les bombardiers pilotés, atténuation de la, 134-135, 168-169, 176, 183-184, 188-189, 193, 200
missiles BOMARC, 134-137, 143-144, 149-150, 153, 155-156, 159-161, 166, 170-171, 174-176, 179-180, 182, 184, 186-193, 204-206, 208, 216-217, 219, 247-248; coût du, 149-150, 155-156, 159-161, 184, 186-187, 247-248; installation de bases, 208
programme de mise au point, poursuite du, 52-53, 183
réductions apportées au budget de la défense, relation avec, 43-46, 142, 203
refus d'acheter des É.-U., 78-79, 176, 192
Système de guidage semi-automatique d'infrastructure électronique (SAGE), 134-137, 139-141, 144, 148-149, 159-161, 191-192, 247-248; approbation par le Cabinet, 208; approbation par le Comité du Cabinet pour la défense, 141; coût, 137, 140-141, 148-149, 159-161, 247-248
systèmes Sparrow et Astra, 142, 150-151, 156-161, 185-186, 191-192, 199, 201, 207-210, 216-217; annulation, 209-210; coût, 151, 156-161, 185-186, 199

R

RAU : *voir* République arabe unie
RÉFUGIÉS HONGROIS, 956-975
  approbation par le Cabinet du nombre de réfugiés admis en 1957, 960; contingent de réfugiés établi pour 1958, 963-964; désaveu du contingent de réfugiés de 1958 par le ministère de la Citoyenneté et de l'Immigration, 966, 974-975; discussions avec le HCNUR concernant, 964-966, 973-974; paiement des coûts de transport, 960-963, 971; politique du gouvernement canadien précédent, 956-958; prévision des mouvements de réfugiés en 1957-1958, 959; relation avec le chômage au Canada, 962; relation avec le nombre de nouveaux réfugiés aux É.-U., 970-972; situation des réfugiés en : Autriche, 958-959, 965, 968; Irlande, 963-965, 968; Italie, 965; Yougoslavie, 961-962
RÉPUBLIQUE ARABE UNIE : *voir sous* Liban et Jordanie, intervention militaire anglo-américaine de 1958 au
RÉSEAU RADAR PINETREE : *voir sous* programme des intercepteurs CF-105
RESTRICTIONS À L'IMPORTATION : *voir aussi sous* É.-U. (visite du secrétaire d'État à Ottawa (juillet 1957); visite du président et du secrétaire d'État à Ottawa (juillet 1958)); réunion du Comité mixte canado-américain pour le commerce et les affaires économiques (octobre 1957)
  Canada, 434-471
    dindons et volaille, 456-471; aide-mémoire des É.-U. concernant le soutien du prix, texte des : (16 août 1957) 458-459; (30 septembre 1958) 468; contraventions au GATT, 457-466, 469, 471; demande de protection par le secteur, 456-457; établissement du contingent d'importation de dindons des É.-U., 471; établissement du soutien des prix, 457; notes de protestation des É.-U., textes des : (8 novembre 1957) 461-462; prolongation du soutien des prix, 463-464; réponse du Canada (10 janvier 1958) à la note des É.-U. du 8 novembre 1957,

- 465-466; suppression du soutien du prix des dindons, 467-468
- fruits et légumes, 434-455; approbation par le Cabinet des modifications à la *Loi sur les douanes*, 443-444; contraventions au GATT, 435-440, 444-452, 454-455; divergences d'opinions entre les ministères au sujet des modifications à la *Loi sur les douanes*, 441-444; examen par le Comité interministériel sur la politique de commerce extérieur du projet de réponse du Canada à la note de protestation des É.-U., 450-452; *Loi sur les douanes*, modifications proposées, 438-444; note de protestation des É.-U. (3 septembre 1958) concernant les modifications à la *Loi sur les douanes*, 444-447; rapport de la Commission du tarif concernant, 434-437; réponse du Canada (17 octobre 1958) à la note de protestation des É.-U., 447-450; représentations des É.-U. auprès du Canada concernant les modifications à *Loi sur les douanes*, 454-455

É.-U., 356-414
- pétrole, 356-396; approvisionnements du Venezuela, 362, 371, 383-386, 389-390, 394; Commission royale d'enquête sur l'énergie (Commission Borden), délibérations de, 363, 373, 375, 385, 389; construction de l'oléoduc vers Montréal, 375, 384; contingents à l'importation des produits de raffinerie, 380-384; contraventions au GATT, 364, 368, 384-385, 391; engagements de l'OTAN, 361, 364, 368; notes de protestation du Canada, textes des : (15 janvier 1958) 367-369; (23 juin 1958) 378; (20 octobre 1958) 381-383; proposition des É.-U. d'un accord contingentaire tripartite (Canada-É.-U.-Venezuela) (Plan Mann), 386-396; représentations du Canada auprès des É.-U., 361-363, 366, 370-371, 378-380, 383-386, 392-396; restrictions à l'importation « volontaires » dans les : districts I-IV, 372-75, 377, 393-396; district V (région de la côte Ouest), 356-373, 376-380, 393-396
- plomb et zinc, 396-414; contraventions au GATT, 397, 399, 404, 411, 413-414; droits dégressifs proposés, 397-399; imposition par les É.-U. de contingents à l'importation, 410; notes de protestation du Canada, textes des : (23 juillet 1957) 399-400; (19 mai 1958) 403-405 (23 octobre 1958) 410-411; rapport de la Commission tarifaire américaine concernant, 402-403, 406, 413-414; réponse des É.-U. (10 novembre 1958) à la note du Canada du 22 octobre 1958, 413-414; représentations du Canada auprès des É.-U., 400-402, 405-407, 409, 412

RÉUNION DU COMITÉ MINISTÉRIEL CANADO-AMÉRICAIN DE DÉFENSE COMMUNE (DÉCEMBRE 1958), 319-339; *voir aussi sous* armes nucléaires, intégration à la défense aérienne continentale (réunion du Comité ministériel de défense commune, préparatifs de la); Commandement de la défense aérienne de l'Amérique du Nord (contrôle politique sur le); É.-U. (réunion de consultation (novembre 1958); visite du président et du secrétaire d'État à Ottawa (juillet 1958), sujets du breffage canadien en préparation de la visite, rencontres d'Eisenhower et Dulles avec Diefenbaker et Smith)
- discussion du Cabinet subséquente à la réunion concernant, 336-339; sujets de discussion : Comité de politique concertée, réactivation du, 339; états de préparation du NORAD, 338; partage de la production, 338-339; projet de déclaration du Canada sur l'acquisition d'armes nucléaires et leur contrôle, 336-338; refus des É.-U. d'acheter des CF-105, 338-339
- examen préparatoire du Cabinet, 319-324; sujets de discussion : BOMARC, 320, 322; acquisition d'armes nucléaires et contrôle par le Canada, 320-321; Comité de politique concertée, réactivation du, 323-324; états de préparation du NORAD, 321-322; partage de la production, 322-323
- procès-verbal de la réunion, 324-335; sujets de discussion : BOMARC, 327-328, 331-332; Comité de politique concertée, réactivation du, 333; états de préparation du NORAD, 328-329; LACROSSE, 327-328; partage de la production, 329-332; projet de déclaration du Canada sur l'acquisition d'armes nucléaires et leur contrôle, 325-328, 334-335; refus des É.-U. d'acheter des CF-105, 331

RÉUNION DU COMITÉ MIXTE CANADO-AMÉRICAIN POUR LE COMMERCE ET LES AFFAIRES ÉCONOMIQUES (OCTOBRE 1957), 340-356; *voir aussi sous* excédents agricoles, écoulement par les É.-U., É.-U. (visite du secrétaire d'État à Ottawa (juillet 1957); visite du premier ministre à Washington (octobre 1957); visite du président et du secrétaire d'État à Ottawa (juillet 1958), sujets du breffage canadien en

préparation de la visite, rencontres d'Eisenhower et Dulles avec Diefenbaker et Smith)
sujets de discussion : commerce des produits agricoles entre le Canada et les É.-U., 348-350; Conférence des ministres des Finances du Commonwealth, 346; déséquilibre commercial, 340-346; dindons et volaille, 341-342, 350; fruits et légumes, 350; GATT, 343-346, 349; investissements américains au Canada, 354-356; plomb et zinc, 351-352; politiques américaines d'écoulement des excédents, 347-348; projet de détournement des importations canadiennes, 342; taxe sur les périodiques canadiens, 353-354; zone européenne de libre-échange, 343, 345

ROYAUME-UNI (R.-U.) : *voir sous* coûts de dédouanement du canal de Suez; détroit de Taïwan, crise de 1958 du; Force d'urgence des Nations Unies (financement de la); Indochine (CISC, opérations au Vietnam, plafond du MAAG, proposition des É.-U. de relever le); Japon (pardon des criminels de guerre japonais); Liban et Jordanie, intervention militaire anglo-américaine de 1958 au; Moyen-Orient (exportation d'armes vers le Moyen-Orient, vers Israël); Syrie : plainte auprès des Nations Unies concernant la menace militaire turque

S

SAGE : *voir* Système de guidage semi-automatique d'infrastructure électronique

SYRIE : PLAINTE AUPRÈS DES NATIONS UNIES CONCERNANT LA MENACE MILITAIRE TURQUE : *voir aussi sous* États-Unis (visite du premier ministre à Washington (octobre 1957))
discussions canado-américaines concernant, 641-643; aide de l'URSS à la Syrie, 630-631; attitude du Secrétaire général envers le Moyen-Orient, 632-634; concentration de troupes soviétiques à la frontière turque, 640-642; évaluation du Canada des procédures des Nations Unies, 664-665; examen par l'OTAN, 644; livraisons d'armes américaines au Moyen-Orient, 631-632; offre de médiation de l'Arabie saoudite, 643-646, 648, 651; parrainage par le Canada du projet de résolution des É.-U., 654, 659; plainte de la Syrie, nature de la, 634-636; positions du Canada, 639-641, 654, 658-659; de l'Égypte, 632-634, 636-637, 644-645, 647, 650-651, 653, 656, 658, 660; des É.-U., 635, 637, 639, 657-658; de l'Inde, 657, 661; du Japon, 655, 661; du Liban, 651, 653; de la Norvège, 644-645, 658-659; du R. -U., 644-645, 652, 658; de la Syrie, 646, 660; de la Turquie, 635-636, 650; de l'URSS, 639, 646-647, 651, 656; projet de résolution des Nations Unies présenté par les États-Unis concernant, 648-649; retrait de la plainte de la Syrie, 661, 663

SYSTÈME DE DÉTECTION LOINTAINE DES MISSILES BALISTIQUES, 288-293
approbation par le Cabinet du, 289n179; examen par le Groupe d'étude des aspects économiques des questions de défense, 289-290; financement, 291; incidences sur les Inuits, 292-293; recours aux entrepreneurs canadiens, 292

SYSTÈME DE GUIDAGE SEMI-AUTOMATIQUE D'INFRASTRUCTURE ÉLECTRONIQUE : *voir sous* programme des intercepteurs CF-105

T

TRAITÉ DES EAUX LIMITROPHES : *voir sous* Commission mixte internationale (dérivation de Chicago)

U

UNION DES RÉPUBLIQUES SOCIALISTES SOVIÉTIQUES (URSS) : *voir aussi sous* détroit de Taiwan, crise de 1958 du; É.-U.(visite du président et du secrétaire d'État à Ottawa (juillet 1958), sujets du breffage canadien en préparation de la visite); Force d'urgence des Nations Unies (financement de la); Liban et Jordanie, intervention anglo-américaine de 1958 au (Conseil de sécurité, plainte du Liban concernant les activités de la RAU; rencontre au sommet, propositions de); Moyen-Orient (exportation d'armes, vers Israël); Syrie, plainte auprès des Nations Unies concernant la menace militaire turque
accord commercial, 1063-1067; aide-mémoire du Canada (10 décembre 1958) autorisant des négociations préliminaires en vue de la reconduction de l'accord, 1067; aide-mémoire soviétique (28 novembre 1958) en vue de la reconduction de l'accord, 1066; avantages de l'accord de 1956, 1063-1064
proposition de rencontre au sommet et lettres de Boulganine, 1003-1021; armes nucléaires américaines en territoire canadien, 1005-1006, 1008, 1015; échec des négociations au sommet de 1958, 1021n38; examen par l'OTAN de la première lettre de Boulganine, 1010-1013, 1017-1020; deuxième lettre de Boulganine, texte de la, 1013-1014, 1013n30; première lettre de Boulganine, texte de la, 1003n19; projet de réponse du Canada à la première lettre de

Boulganine, texte du, 1014-1017; réponse du Canada à la première lettre de Boulganine, texte de la, 1021n38; sujets traités dans les lettres de Boulganine et les réponses du Canada : relations canado-russes, 1007, 1009; désarmement, 1006, 1008, 1015, 1020; conflit du Moyen-Orient, 1006, 1009, 1016; Plan Rapacki pour la création d'une zone dénucléarisée en Europe centrale, 1007-1009, 1011-1012, 1014, 1016-1021; rencontre au sommet, 1009, 1013-1014

surveillance des exportations de produits stratégiques, 992-1002; « traitement différencié de la Chine », 993; désaccords, 1000-1001; examen par le COCOM de la liste des produits sous embargo, 997-999; positions du Canada, 995-996, 1000-1002; des É.-U., 993-994, 996-1001; de la France, 998; du R.-U., 998-1001; réunion du COCOM, préparatif de la, 992-999

tendances de la politique intérieure et étrangère, 1021-1062; antécédents historiques à la situation politique actuelle, 1048-1055; changements apportés au Praesidium du Soviet suprême et ascendant de Khrouchtchev, 1021-1026; conférence au sommet, intentions soviétiques concernant, 1033-1035, 1041-1042, 1061; déclin de la puissance occidentale, 1027-1028; fondements idéologiques, 1046-1048; influence de Khrouchtchev, 1034-1035, 1047-1048; initiatives de désarmement, 1036-1037, 1040-1041, 1052-1053; libéralisation économique, 1039-1040, 1055-1057, 1059-1060; percées scientifiques soviétiques, 1028-1029, 1036-1037, 1039; puissance militaire soviétique, 1051-1053; réactions possibles des pays de l'Ouest aux changements opérés en URSS, 1030-1031, 1062; réactions possibles du Canada aux changements opérés en URSS, 1031-1033

visites et échanges officiels avec les pays communistes, 984-992; approbation par le Cabinet des lignes directrices sur les échanges, 988-989; Comité interministériel sur l'échange de visites, délibérations du, 985; délégation agricole soviétique, visite de la, 985, 985n11; note du Canada (19 août 1958) à l'URSS concernant, 990-992; représentations de l'URSS concernant, 986

V

VENEZUELA : *voir sous* restrictions à l'importation (É.-U., pétrole)

Y

YOUGOSLAVIE : *voir sous* réfugiés hongrois

INDEX

A

ADVISORY COMMITTEE ON WATER USE POLICY: *see under* Columbia River (development of)

AGRICULTURAL SURPLUSES, DISPOSAL OF BY US, 414-433; see also under Joint Canada-United States Committee on Trade and Economic Affairs meeting (October 1957); United States (visit of Secretary of State to Ottawa; visit of Prime Minister to Washington; visit of President and Secretary of State to Ottawa)

Agricultural Trade Development and Assistance Act, renewal of, 418-420; Canadian protest note, text of (November 24, 1958), 430-432; Canadian representations to US, 422-425; impact on Canada, 417-420; Joint Canada-United States Committee on Trade and Economic Affairs discussions concerning, 422, 426, 431, 433; US changes in barter programme, 420-433; US reply (December 31, 1958) to Canadian note of November 24, 1958, 432-433

ALERTS, 270-276; *see also under* Canada-United States Ministerial Committee on Joint Defence meeting (pre-meeting Cabinet consideration of; meeting minutes; post-meeting Cabinet discussion concerning); NORAD (states of readiness); Taiwan Straits, 1958 crisis in; United States (meeting of consultation (September 1957); meeting of consultation (November 1958))

Canada-US consultations on alert procedures, 272-275; Canadian approval of US draft reply, 275-276, 276n173; Canadian concerns about US draft reply, 271-272; US draft reply to March 1, 1957 Canadian letter on alerts, 270-271

ATOMIC WEAPONS: *see under* nuclear weapons, integration into continental air defence

AUSTRALIA: *see under* Japan (pardon of Japanese war criminals)

AVRO ARROW: *see under* CF-105 interceptor programme

B

BALLISTIC MISSILE EARLY WARNING SYSTEM, 288-293

Cabinet approval of, 289n179; consideration by Panel on Economic Aspects of Defence Questions, 289-290; financing, 291; impact on Inuit, 292-293; use of Canadian contractors, 292

BOMARC MISSILE: *see under* Canada-United States Ministerial Committee on Joint Defence meeting (December 1958) (meeting minutes); CF-105 interceptor programme; nuclear weapons, integration into continental air defence; United States (visit of President and Secretary of State to Ottawa (July 1958), Dulles meeting with Canadian Ministers)

BOUNDARY WATERS TREATY: *see under* International Joint Commission (Chicago Diversion)

BRAZIL, VISIT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS TO, 1069-1079; *see also under* Organization of American States

Smith-de Lima meeting, 1071-1074; topics discussed: cultural relations, 1071; OAS, 1073-1074, 1076; Operation Pan America, 1072-1073; UN, 1071-1072

Smith-Kubitschek meeting, 1077-1079; topics discussed: Brazilian economic development, 1079; foreign investment in Canada, 1077-1078; OAS, 1076, 1078; Operation Pan America, 1078; UN, 1078

BRIDGES, INTERNATIONAL: *see under* United States (Campobello-Lubec Bridge)

BRITISH COLUMBIA: *see under* Columbia River (development of)

C

CANADIAN NORTH, US MILITARY PRESENCE IN: *see under* Ballistic Missile Early Warning System; CF-105 interceptor programme (Pinetree radar system extension); nuclear weapons (overflights carrying MB-1 rocket); Strategic Air Command refuelling facilities; Tactical Air Navigation facilities, installation of; United States (meeting of consultation, SAC overflights)

CANADA-UNITED STATES MINISTERIAL COMMITTEE ON JOINT DEFENCE MEETING (DECEMBER 1958), 319-339; *see also under* North American Air Defence Command (political control over); nuclear weapons, integration into continental air defence (Ministerial Committee on Joint Defence meeting, preparation for); United States (meeting of consultation (November 1958); visit of President and Secretary of State to Ottawa (July 1958), pre-visit Canadian briefing topics, Eisenhower-Dulles meetings with Diefenbaker and Smith)

pre-meeting Cabinet consideration of, 319-324; topics discussed: BOMARC, 320, 322; Canadian acquisition and control of nuclear weapons, 320-321; Combined Policy Committee, reactivation of, 323-324; NORAD states of readiness, 321-322; production sharing, 322-323;

meeting minutes, 324-335; topics discussed: BOMARC, 327-328, 331-332; Canadian draft statement on acquisition and control of nuclear weapons, 325-328, 334-335; Combined Policy Committee, reactivation of, 333; LACROSSE, 327-328; NORAD states of readiness, 328-329; production sharing, 329-332; US refusal to purchase CF-105, 331

post-meeting Cabinet discussion concerning, 336-339; topics discussed: Canadian draft statement on acquisition and control of nuclear weapons, 336-338; Combined Policy Committee, reactivation of, 339; NORAD states of readiness, 338; production sharing, 338-339; US refusal to purchase CF-105, 338-339

CF-105 INTERCEPTOR PROGRAMME, 41-46, 51-53, 78-79, 134-180, 182-193, 199-210, 214-226, 237-241, 243-248; *see also under* Canada-United States Ministerial Committee on Joint Defence meeting (meeting minutes; post-meeting Cabinet discussion concerning); United States (visit of President and Secretary of State to Ottawa (July 1958), Dulles meeting with Canadian Ministers)

BOMARC missile, 134-137, 143-144, 149-150, 153, 155-156, 159-161, 166, 170-171, 174-176, 179-180, 182, 184, 186-193, 204-206, 208, 216-217, 219, 247-248; cost of, 149-150, 155-156, 159-161, 184, 186-187, 247-248; installation of bases, 208

Cabinet consideration of, 51-53, 182-193, 199-210; BOMARC missile base approval, 208; cancellation of CF-105 production programme, 208; Department of National Defence memorandum recommending cancellation of CF-105, 182-187; Ministerial indecision, 193, 201, 204; revised production programme proposed, 204

Cabinet Defence Committee consideration of, 144-151, 153-180; decision to install BOMARC bases, 180; memoranda from: Department of External Affairs, 168-173; Department of Defence Production, 144-151; Department of Finance, 162-166; Department of National Defence, 153-162; support for cancellation of CF-105, 179-180

CF-100 (Mark VI), cancellation of, 44-46

cost, 51-52, 140-141, 143, 154, 156-161, 163-164, 175, 179-180, 184-187, 190-193

defence budget cuts, relation to, 43-46, 142, 203

development programme, continuation of, 52-53, 183

Department of National Defence consultation with US and decision to cancel programme, 152

foreign policy implications, 166-173

manned bomber threat, decline of, 134-135, 168-169, 176, 183-184, 188-189, 193, 200

mutual aid expenditures, relation to, 163-164

NATO commitments, relation to, 41-43, 142-143, 167, 171-172

Pinetree radar system extension, 134-136, 138-139, 144, 147-148, 161-162; Cabinet Defence Committee approval of, 139; cost of, 138, 162

production sharing arrangements in lieu of CF-105 production, 140-141, 143, 144-147, 164-165, 177, 180, 203, 205, 214-226, 237-241, 243-248; Cabinet memorandum concerning, 247-248; possible areas for Canadian participation: BOMARC, 225, 237, 244, 247-248; gap fillers, 226, 237, 244, 247-248; heavy radars, 226, 244, 247-248; SAGE, 225, 237-238, 244, 247-248; negotiations with US, 214-226, 237-241

Semi-Automatic Ground Environment (SAGE) guidance system, 134-137, 139-141, 144, 148-149, 159-161, 191-192, 247-248; Cabinet approval of, 208; Cabinet Defence Committee approval of, 141; cost of, 137, 140-141, 148-149, 159-161, 247-248

Sparrow and Astra systems, 142, 150-151, 156-161, 185-186, 191-192, 199, 201, 207-210, 216-217; cancellation of, 209-210; cost of, 151, 156-161, 185-186, 199

US refusal to purchase, 78-79, 176, 192

CHINA (PEOPLE'S REPUBLIC OF, COMMUNIST); *see also under* Japan (visit of Foreign Minister to Ottawa (September 1958)); Korea (Democratic People's Republic of); Taiwan Straits, 1958 crisis in; United States (meeting of consultation (September 1957); meeting of consultation (November 1958); visit of Secretary of State to Ottawa (July 1957); visit of President and Secretary of State to Ottawa (July 1958), pre-visit Canadian briefing topics, Eisenhower-Dulles meetings with Diefenbaker and Smith)

Canadian trade mission (1957), 899-917; Canadian citizens in China, 902; Canadian property in China, 902; Canadian loan, 901; Communist China, recognition of, 902; Department of External Affairs approval of mission, 899-900; economic conditions in China, 904-905, 912-913; Ming Sung loan, 901;

political conditions in China, 903-904, 910-914; state corporations, 906-908; Western embassies in China, position of, 915-916; wheat sales to China, 907-908
recognition of, 920-932: Chinese actions in Korea, relation to, 926; Diefenbaker-Ronning conversation concerning, 930-932; implications for Sino-Canadian trade, 920-921, 923, 927; legal position of Peking Government, 923; political benefits of, 922-923; potential response of Communist China to recognition, 926; representation of Communist China at UN, 922, 924-925; "Two China" question, 925-926; US aide-memoire (11 August 1958) concerning, 929, 929n70; US attitude concerning, 924-925, 929
US foreign assets control regulations, impact on Canadian corporations, 916-920; Canadian representations to Eisenhower and Dulles, 920, 920n66; Ford Motor Company of Canada, cancellation of Chinese vehicle order, 916; strategic export controls to China, relation to, 919
COLOMBO PLAN: *see under* Japan (visit of Foreign Minister to Ottawa (September 1958); Laos (visit of Prime Minister to Ottawa (January 1958))
COLUMBIA RIVER: *see also under* United States (visit of Prime Minister and Secretary of State to Ottawa (July 1958), Dulles meeting with Canadian ministers, Eisenhower-Dulles meetings with Diefenbaker and Smith)
development of, 480-524; Advisory Committee on Water Use Policy working paper concerning, 520-524; British Columbian representations to Canadian government, 488-490, 502-505, 508; Cabinet Committee on Columbia river Problems, deliberations of, 498-500, 517-518; Canadian government communication with British Columbian government, 507-508; Canadian reply (July 16, 1958) to April 21 1958 US aide memoire, 501; Canadian reply (December 5 1958) to November 17 1958 US aide-memoire, 515-516; downstream benefits, 485-486, 492, 494-495, 513-519, 521; establishment of Canada-US channels for diplomatic discussions, 511-513, 515-516; establishment of liaison between Canadian and British Columbian governments, 507-508, 510; International Joint Commission, role of, 481-485, 488-490, 493, 495-496, 498-501, 503-504, 507, 511, 513-519, 521; Libby Dam, 481-483, 485, 489-492, 496-497, 499-501, 507, 511-512, 515, 517; McNaughton Report on Columbia development alternatives, 510-511, 516; Thompson-Fraser system diversion, 486-487, 493-494; US aide-memoires concerning Columbia River, texts of: (April 21, 1958) 491-492; (November 17, 1958) 512; US representations to Canada, 482-485, 491-492
COMBINED POLICY COMMITTEE: *see under* Canada-United States Ministerial Committee on Joint Defence meeting (December 1958); United States (meeting of consultation (November 1958))
COMMONWEALTH TRADE AND ECONOMIC CONFERENCE: *see under* Japan (visit of Foreign Minister to Ottawa (September 1958)); United States (visit of President and Secretary of State to Ottawa (July 1958), pre-visit Canadian briefing topics, Eisenhower-Dulles meetings with Diefenbaker and Smith)
CONGRESSIONAL SECURITY INVESTIGATIONS, 259-269; *see also under* United States (visit of Secretary of State to Ottawa (July 1957))
allegations against R.B. Bryce, 268-269; draft Canadian reply note to August 13, 1957 US note, text of, 267; RCMP security exchange procedures, 259-261; release of additional testimony before Senate Internal Security Sub-committee, 268-269; US note (August 13, 1957) replying to April 10, 1957 Canadian protest note, text of, 262-263
CONTINENTAL AIR DEFENCE OF NORTH AMERICA: *see under* alerts, Ballistic Missile Early Warning System, Canada-United States Ministerial Committee on Joint Defence, CF-105 interceptor programme, North American Air Defence Command; nuclear weapons, integration into continental air defence; Tactical Air Navigation facilities, installation of; Taiwan Straits, 1958 crisis in; United States (meeting of consultation (September 1957); meeting of consultation (November 1958); visit of Prime Minister to Washington (October 1957); visit of President and Secretary of State to Ottawa (July 1958))

F

FORMOSA: *see under* China (People's Republic of) (recognition of), Taiwan Straits, 1958 crisis in; United States (meeting of consultation (September 1957); meeting of consultation (November 1958); visit of President and Secretary of State to Ottawa (July 1958), Eisenhower-Dulles meetings with Diefenbaker and Smith)

FRANCE: *see under* Lebanon and Jordan, 1958 Anglo-American intervention in (summit meeting, proposals for)

G

GATT: *see* General Agreement on Tariffs and Trade

GENERAL AGREEMENT ON TARIFFS AND TRADE: *see under* import restrictions (Canada, fruits and vegetables, turkeys and fowl; US, lead and zinc, petroleum)

GOOSE BAY, NUCLEAR WEAPONS STOCKPILES AT: *see under* nuclear weapons, integration into continental air defence

GREAT LAKES CONNECTING CHANNELS

- Southeast Bend cut-off channel, construction of, 524-533; cost, 526; customs duty on US construction equipment, 532-533; equal opportunity for Canadian contractors, 525-527, 530-532; pollution controls, 527; Walpole Island Indian Band property, acquisition of, 528-530

H

HUNGARIAN REFUGEES, 956-975

- Cabinet approval of 1957 refugee entry levels, 960; Department of Citizenship and Immigration disavowal of 1958 refugee quota, 966, 974-975; discussions with UNHCR concerning, 964-966, 973-974; forecast for 1957-58 refugee movements, 959; payment of transportation costs, 960-963, 971; policy of previous Canadian Government, 956-958; quota established for 1958 refugees, 963-964; relation to unemployment in Canada, 962; relation to US intake of refugees, 970-972; situation of refugees in: Austria, 958-959, 965, 968; Ireland, 963-965, 968; Italy, 965; Yugoslavia, 961-962;

I

ICSC: *see* International Commissions for Supervision and Control

IMPORT RESTRICTIONS: *see also under* Joint Canada-United States Committee on Trade and Economic Affairs meeting (October 1957); United States (visit of Secretary of State to Ottawa (July 1957); visit of President and Secretary of State to Ottawa (July 1958))

- Canada, 434-471
  - fruits and vegetables, 434-455; Cabinet approval of Customs Act amendments, 443-444; Canadian reply (October 17, 1958) to US protest note, 447-450; Customs Act, proposed amendments, 438-444; GATT violations, 435-440, 444-452, 454-455; Interdepartmental Committee on External Trade Policy consideration of Canadian draft reply to US protest note, 450-452; inter-departmental differences of opinion concerning Customs Act amendments, 441-444; Tariff Board report concerning, 434-437; US protest note (September 3, 1958) concerning Customs Act amendments, 444-447; US representations to Canada concerning Customs Act amendments, 454-455
  - turkeys and fowl, 456-471; Canadian reply (January 10, 1958) to US note of November 8, 1957, 465-466; extension of price support, 463-464; GATT violations, 457-466, 469, 471; industry request for protection, 456-457; price support established, 457; quota of US turkey imports established, 471; removal of fowl price support, 467-468; US aide-memoires concerning price support, texts of: (August 16, 1957) 458-459; (September 30, 1958) 468; US protest notes, texts of: (November 8, 1957) 461-462;
- US, 356-414
  - lead and zinc, 396-414; Canadian protest notes, texts of: (July 23, 1957) 399-400; (May 19, 1958) 403-405 (October 23, 1958) 410-411; Canadian representation to US, 400-402, 405-407, 409, 412; GATT violations, 397, 399, 404, 411, 413-414; proposed sliding scale of duties, 397-399; US imposition of import quotas, 410; US reply (November 10, 1958) to October 22 1958 Canadian note, 413-414; US Tariff Commission report concerning, 402-403, 406, 413-414
  - petroleum, 356-396; Canadian protest notes, texts of: (Jan. 15, 1958) 367-369; (June 23, 1958) 378; (October 20, 1958) 381-383; Canadian representations to US, 361-363, 366, 370-371, 378-380, 383-386, 392-396; GATT violations, 364, 368, 384-385, 391; import quotas on refinery production, 380-384; NATO commitments, 361, 364, 368; pipeline construction to Montreal, 375, 384; Royal Commission on Energy (Borden Commission), deliberations of, 363, 373, 375, 385, 389; US proposal for tripartite (Canada-US-

Venezuela) quota agreement (Mann Plan), 386-396; Venezuelan supplies, 362, 371, 383-386, 389-390, 394; "voluntary" import restrictions in: Districts I-IV, 372-75, 377, 393-396; District V (West Coast Area), 356-373, 376-380, 393-396

INDIA: *see under* Indochina (ICSC, dissolution of Laos Commission; ICSC, operations in Vietnam); Syria: complaint to United Nations concerning Turkish military threat; Taiwan Straits, 1958 crisis in; United Nations Emergency Force (financing of);

INDOCHINA: *see also under* Laos (visit of Prime Minister to Ottawa (January 1958));

ICSC, dissolution of Laos commission, 798-806; adjournment of Commission, 806; Canadian support for adjournment *sine die*, 802-804; Canadian support for unilateral withdrawal, 800, 800n3; Geneva Agreement, fulfilment of terms, 799; Indian proposal to adjourn *sine die*, 800-801; Polish opposition to adjournment, 804-806

ICSC, operations in Vietnam, 806-851

MAAG ceiling, US proposal to increase, 835-851; Canadian reply to US aide-memoire, text of, 848-849; Canadian representation to US concerning, 843-845, 847-848, 851; positions of: Canada, 841-842; India, 839-840; North Vietnam, 850-851; UK, 837-838; US aide-memoire concerning (September 5, 1958), text of, 845-846; US representations to Canada concerning, 835-836, 844-845; visit of US Secretary of State to Ottawa, preparation for, 838-839

reduction of Commission personnel, 806-817, 821-823, 826-827, 829-830, 842-843; Canadian draft proposal for reorganization of fixed team structure, 821-822; Canadian representations to India concerning, 826-827; Commission rejection of Canadian proposal for reorganization of fixed team structure, 829-830; elimination of fixed team sites, 809, 814-816, 842-843; positions of: India, 808, 811-812, 816-817, 823, 826-827, 829-830, 842-843; Poland, 829; size of Canadian Commission, 812-813

war material credits (Article 17), 818-821, 824-825, 827-835; Canadian representations to India concerning, 825, 827-828; Commission discussion of, 819-821, 830-832; positions of: India, 819, 824, 827-828, 830-831; Poland, 820, 830-831; South Vietnam, 820; procedure for granting credits, text of, 832-835; withdrawal of French military equipment, 818, 820, 830

INTERDEPARTMENTAL PANEL ON THE EXCHANGE OF VISITS: *see under* Union of Soviet Socialist Republics (official visits and exchanges with Communist countries)

INTERNATIONAL COMMISSIONS FOR SUPERVISION AND CONTROL IN LAOS AND VIETNAM: *see under* Indochina (ICSC, dissolution of Laos Commission; ICSC, operations in Vietnam)

INTERNATIONAL JOINT COMMISSION: *see also under* Columbia River (development of)

Chicago Diversion, 472-479; Boundary Waters Treaty, relation to, 472, 475, 477-478; Canadian aide-memoire (January 6, 1958) concerning, 475-476; draft Congressional legislation concerning, 473-475; effect on power generation and navigation elsewhere in Great Lakes and St. Lawrence system, 473-475; Long Lac-Ogoki diversion, 473, 476; US Senate consideration of and amendments to H.R. 2, 476-479

Pollution of Rainy River and Lake of the Woods, reference to IJC, 479-480

INTERNATIONAL MONETARY FUND: *see under* United States (visit of President and Secretary of State to Ottawa (July 1958), pre-visit Canadian briefing topics, Eisenhower-Dulles meetings with Diefenbaker and Smith)

ISRAEL: *see also under* Middle East (export of arms to Middle East, to Israel)

visit of Foreign Minister to Ottawa (October 1958), 793-797; Canadian positions on: Arab-Israeli relations, 794; arms exports to Israel, 795-796; UN role, of, 794; topics discussed: Arab unity, 797; arms exports, 797

J

JAPAN: *see also under* Syria, complaint to United Nations concerning Turkish military threat; United States (meeting of consultation (September 1957))

Canadian citizenship for repatriated Japanese returning to Canada, 945-946

pardon of Japanese war criminals, 933-938; note granting clemency, text of, 936-937; past Canadian policy decisions, 935; positions of: Australia, 938; Canada, 935-937; UK, 937-938; US, 933-934; San Francisco Pease Treaty, provisions concerning, 935 visit of Foreign Minister to Ottawa (September 1958), 939-945; topics discussed: Colombo Plan, 939; Commonwealth Trade and Economic Conference, 943; Communist China, recognition of, 940; Communist China, trade with, 943-944; disarmament, 944-945; Taiwan Straits crisis, 939-942; bilateral trade, 939, 943; UNGA presidency, 942

JOINT CANADA-UNITED STATES COMMITTEE AND TRADE AND ECONOMIC AFFAIRS MEETING (OCTOBER 1957), 340-356; *see also under* agricultural surpluses, disposal of by US, United States (visit of Secretary of state to Ottawa (July 1957); visit of Prime Minister to Washington (October 1957); visit of President and Secretary of State to Ottawa (July 1958), pre-visit Canadian briefing topics, Eisenhower-Dulles meetings with Diefenbaker and Smith)

topics discussed: Canada-US trade in agricultural products, 348-350; Canadian import diversion proposal, 342; Canadian magazine taxes, 353-354; Commonwealth Finance Ministers' Conference, 346; European Free Trade Area, 343, 345; fruits and vegetables, 350; GATT, 343-346, 349; lead and zinc, 351-352; trade imbalance, 340-346; turkeys and fowl, 341-342, 350; US investment in Canada, 354-356; US surplus disposal policies, 347-348

JORDAN: *see under* Lebanon and Jordan, 1958 Anglo-American intervention in

K

KOREA (DEMOCRATIC PEOPLE'S REPUBLIC OF; NORTH): *see also under* China (People's Republic of, Communist) (recognition of)

withdrawal of Communist Chinese forces, 951-955; Chinese proposal for, 951, 951n89; elections in North and South Korea, 951-952; exchange of notes between China and UN countries with forces in South Korea, 953-954, 953n90, 954n91; positions of: Canada, 954-955; South Korea, 953; US, 953-954

KOREA (REPUBLIC OF, SOUTH): *see under* Korea (Democratic People's Republic of, North) (withdrawal of Communist Chinese forces)

L

LAOS: *see also under* Indochina (ICSC, dissolution of Laos Commission)

visit of Prime Minister to Ottawa (January 1958), 946-951; topics discussed: Colombo Plan, 948, 950; International Commission for Supervision and Control in Laos, 946-950; political situation in Laos, 946-947, 949-950

LEBANON AND JORDAN, 1958 ANGLO-AMERICAN MILITARY INTERVENTION IN, 665-791; *see also under* Middle East (export of arms to Middle East, to Israel); North American Air Defence Command (states of readiness)

Egypt-Syria union and formation of United Arab Republic, 665-667; positions of: Canada, 667; UK, 666; US, 666-667

Eisenhower Doctrine, 666, 666n69

Iraq, overthrow of monarchy, 717, 717n85, 750; Canadian recognition of new government, 750

Iraq-Jordan union and formation of Arab Union, 668-671; position of Canada, 669-671

Lebanon, political situation, 671-676, 678-680, 695-714, 748-749; domestic opposition to Chamoun, 672-673, 678; election of Chehab, 748-749; positions of: Canada, 700-702; UK, 697-700, 704-707; US, 675-676, 678-679, 697, 702-703, 710-713; Secretary-General's report on, 713-714; UAR infiltration of border, 672, 675-676; UNEF operation contemplated, 701-702, 706, 708-709; US-UK-France approach to Chamoun, 715

Secretary-General's trip to Middle East (September 1958), 783-791; discussions with Canadian officials concerning, 788-791

Security Council, Lebanese complaint to concerning UAR activities, 671-672, 675-677, 679-694; Arab League discussion of, 684-687; positions of: Canada, 677, 679-680, 687, 689; Japan, 685, 688-689; Sweden, 686; UAR, 688; US, 683, 692-693; USSR, 685, 692; resolution calling for international observer group, 690, 693-694; text of Lebanese complaint, 676-677

Security Council, reaction to US-UK intervention, 718-742; Japanese draft resolution, 729, 736-737; positions of: Canada, 718, 721-722, 730-731, 738; Japan, 733; Lebanon, 731, 738-739; UAR, 723, 739; UK, 725-726, 733; US, 722-724, 732, 737-738; USSR, 723-724, 727, 733, 738, 740-741; Secretary-General, views of, 733-736; UNEF operation contemplated, 718, 728, 734; US draft resolution, 719-721; veto of Japanese resolution, 740; veto of US resolution, 732

summit meeting, proposals for, 741-748, 750-751, 753-767; approval of US draft resolution to convene UNGA emergency session, 766; positions of: Canada, 742-744, 758-763; France, 758; Lebanon, 765-766; UK, 744-745, 765-766; US, 755-756, 764-766; USSR, 764, 766-767; proposals to convene UNGA emergency session, 756-757; Secretary-General, views of, 746-748, 753-755; US draft resolution to Security Council, 763-764

- United Nations General Assembly, Emergency Special Session of, 767-770; Arab resolution on Anglo-American withdrawal, 781-782; 7-power resolution on Anglo-American withdrawal, 772-773, 775-776, 779-780; positions of: Canada, 768-769, 771-772, 777, 779; Lebanon, 778; Secretary-General, views of, 770; UNGA approval of Arab resolution, 782
- UNOGIL, 690, 694-695, 721,723, 735, 749-750, 788, 791-792; Canadian participation in, 695n76; increase in Canadian contingent, 749-750, 791-792
- US-UK military intervention, 716-718
- US-UK military guarantees to Lebanon and Jordan, 674, 695, 700, 703-704, 707

M

MEXICO: ATTENDANCE OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS AT PRESIDENTIAL INAUGURATION, 1074-1077

MIDDLE EAST: *see also under* Israel (visit of Foreign Minister to Ottawa (October 1958)); Lebanon and Jordan (1958 Anglo-American intervention in); North American Air Defence Command (states of readiness); Suez Canal clearance costs; Syria, complaint to United Nations concerning Turkish military threat; United Nations Emergency Force; United States (meeting of consultation (September 1957); visit of Prime Minister to Washington (October 1957))

- export of arms to Middle East, 536-567
  - general policy, 537-543, 544-546, 549; Cabinet approval of official policy, 540n8; Communist countries, 538, 541-542; Export and Import Permits Act (1954), relation to, 538-541; NATO, relation to, 538-539, 541; permit system categories, 540-543
  - to Israel, 536-537, 543-567; 25-pdr. guns, 552-553, 555; aerial torpedoes, 549-550, 553-557, 565-567; Browning machine guns, 536-537, 567; Canadian Jewish Congress representations concerning, 550-552, 554-555; communications equipment, 545-546, 548, 560, 566; F-86 aircraft, 536-537; Israeli representations concerning, 549, 565-567; Lebanon and Jordan crisis, relation to, 551, 558-559, 562, 564; positions of: UK, 549-551, 556-560, 562-564; US, 549-551, 556-557, 561-562, 565; USSR, 554, 557; Shervic tractors and tank spares, 546-548; Tripartite Declaration (1950), relation to, 557, 559, 561, 563; UNEF, relation to 536-537; vehicle spares, 543-544, 546

N

NATO: *see* North Atlantic Treaty Organization

NORTH AMERICAN AIR DEFENCE COMMAND (NORAD), 28-40, 46-50, 53-57, 79-83, 87-111, 116-134, 181, 193-198, 226-236; *see also under* Canada-United States Ministerial Committee on Joint Defence meeting (December 1958); CF-105 interceptor program; Taiwan Straits, 1958 crisis in; United States (meeting of consultation (September 1957); meeting of consultation (November 1958); visit of Prime Minister to Washington (October 1957); visit of President and Secretary of State to Ottawa (July 1958), pre-visit Canadian briefing topics)

- appointment of Deputy Commander-in-Chief, 31-32, 36
- Cabinet consideration of, 110-111, 125-126
- Cabinet Defence Committee consideration of, 116
- Department of National Defence recommendations to approve, 28-31, 36
- External Affairs complaints concerning lack of consultation, 32-40, 46-50, 55-57
- inter-governmental notes, exchange of, 46-50, 53, 80-83, 92-102, 107-111, 117-128; agreement on text of notes, 128, 128n109; Cabinet consideration of, 110-111, 125-126; Department of External Affairs request for, 48-49; draft US note, text of, 119-122; draft Canadian note, text of, 80-83, 94-96, 99-102, 126-127; public criticism of, 104-105; Prime Minister's views concerning, 97; US position concerning, 117-119
- NATO commitments, relation to, 53-54, 79-80, 82-83, 90, 95-96, 100-101, 104-105, 109, 117-118, 120-128, 132, 230
- nuclear weapons, use by, 226-236
- parliamentary criticism of, 53-57, 79, 92
- political control over, 79-80, 87-93, 97, 98, 102-107, 129-132; Department of External Affairs views concerning, 87-91, 93, 106-107; Department of National Defence views concerning, 91-92;

  Ministerial Committee on Joint Defence, establishment of, 131-132, 181, 181n126; proposed Ministerial oversight committee, 87-92, 129-130; US views concerning, 105-106
  states of readiness, 133-134, 193-198, 210-213, 234, 236, 241-243; and alerts procedure, 194-196; and Middle East crisis, 133-134, 193, 210, 213, 241-242; and Taiwan Straits crisis, 194-198, 210
  terms of reference, 54-55, 57, 82, 93, 104, 111, 116

NORTH ATLANTIC TREATY ORGANIZATION: *see under* North American Air Defence Command; Union of Soviet Socialist Republics (summit meeting proposal and Bulganin letters)

NUCLEAR WEAPONS, INTEGRATION INTO CONTINENTAL AIR DEFENCE, 57-77, 83-86, 112-116, 142-143, 170-171, 185, 226-236, 248-258; *see also under* Canada-United States Ministerial Committee on Joint Defence meeting (December 1958); CF-105 interceptor programme; North American Air Defence Command; United States (meeting of consultation (September 1957); meeting of consultation (November 1958))
  acquisition by Canadian forces, 229-236, 248-258; draft House of Commons statement concerning, 257-258
  BOMARC missile, atomic warheads for, 58, 65, 68, 70, 143, 170-171, 229-230
  Cabinet consideration of, 72-73, 231-233; approval of exploratory negotiations, 73
  Cabinet Defence Committee consideration of, 83-86, 113-115; memorandum to, 86
  Chiefs of Staff Committee consideration of, 62-77; draft memoranda to Cabinet Defence Committee, 64-67; draft memorandum to Cabinet, 69-70, 75
  control of use, 62, 68, 84-85, 229-236, 249-258
  Department of External Affairs, position of, 62-64, 67-68, 71-72, 74, 83-85, 112-113, 228-229, 253-254
  Goose Bay atomic weapons stockpiles, 58-77, 83-86, 112-115; Cabinet Defence Committee consideration of, 113-115; draft memorandum to Cabinet Defence Committee, 66-67; memorandum to Cabinet Defence Committee, 86
  Ministerial Committee on Joint Defence meeting, preparation for, 248-258
  NATO nuclear stockpile programme, relation to, 59, 61-62, 74, 84
  overflights carrying MB-1 rocket, 58, 58n60, 61, 63, 75-77, 142, 185, 229-231
  Strategic Air Command capabilities, 63-64, 74-75, 112-113, 250-251
  US proposal concerning, 57-60; aide-memoire text, 60

O

ORGANIZATION OF AMERICAN STATES, CANADIAN MEMBERSHIP IN, 1068-1069; *see also under* Brazil, visit of Secretary of State for External Affairs to

P

PINETREE RADAR SYSTEM: *see under* CF-105 interceptor programme

POLAND: *see also under* Indochina (ICSC, dissolution of Laos Commission; ICSC, operations in Vietnam, reduction of Commission personnel, war material credits (Article 17))
  art treasures, 976-984; Bank of Montreal demand for indemnity for release of treasures, 976-977; Polish representations concerning, 976-977, 982-983; potential Polish appeal to UN or International Court of Justice, 978-979; release of Bank of Montreal treasures, 984n9; role of signatories to Bank of Montreal treasures, 979-980, 983-984; visit of Polish delegation to Ottawa concerning, 983-984

PRODUCTION SHARING AGREEMENTS (CANADA-US): *see under* Canada-United States Ministerial Committee on Joint Defence meeting (December 1958); CF-105 interceptor programme; United States (meeting of consultation (November 1958); visit of President and Secretary of State to Ottawa (July 1958))

Q

QUANTITATIVE RESTRICTIONS: *see* import restrictions

S

SAGE: *see* Semi-Automatic Ground Environment guidance system

SEMI-AUTOMATIC GROUND ENVIRONMENT GUIDANCE SYSTEM: *see under* CF-105 interceptor programme

STRATEGIC AIR COMMAND REFUELLING FACILITIES, 276-287; *see also under* nuclear weapons, integration into continental air defence
  Cabinet approval of US request for, 279; "equal consideration" for Canadian contractors, 276-280; text of notes exchanged concerning, 285-287; US request to permanently station tankers and personnel and Canadian approval, 280-284

SUEZ CANAL CLEARANCE COSTS, 606-630
  Canadian contribution, 606; Canadian government reimbursement of Canadian ship-owners surcharge costs, approval of, 629-630; Canadian representations to UK concerning surcharge scheme, 621-622; Canadian view of UN draft resolution, 617; draft UN resolution concerning, 614-616; instructions to Canadian delegation at 12th UNGA concerning, 611-612; reimbursement of Canadian ship-owners surcharge costs, opinions of: Canadian Maritime Commission, 628; Department of finance, 625-626; Secretary-General report concerning, 613, 613n51; shipping opposition to surcharge scheme, 623-625; surcharge scheme for reimbursement, 608-609, 611; total clearance costs, 607-608; UNGA approval of surcharge scheme, 618; UK opposition to surcharge scheme, 619-621

SYRIA: COMPLAINT TO UNITED NATIONS CONCERNING TURKISH MILITARY THREAT: *see also under* United States (visit of Prime Minister to Washington (October 1957))
  Canada-US discussions concerning, 641-643; Canadian evaluation of UN proceedings, 664-665; Canadian sponsorship of US draft resolution, 654, 659; NATO consideration of, 644; positions of: Canada, 639-641, 654, 658-659; Egypt, 632-634, 636-637, 644-645, 647, 650-651, 653, 656, 658, 660; India, 657, 661; Japan, 655, 661; Lebanon, 651, 653; Norway, 644-645, 658-659; Syria, 646, 660; Turkey, 635-636, 650; UK, 644-645, 652, 658; US, 635, 637, 639, 657-658; USSR, 639, 646-647, 651, 656; Saudi Arabian mediation offer, 643-646, 648, 651; Secretary-General's attitude towards Middle East, 632-634; Syrian complaint, nature of, 634-636; Syrian withdrawal of complaint, 661, 663; US arms deliveries to Middle East, 631-632; US draft UN resolution concerning, 648-649; USSR aid to Syria, 630-631; USSR troop concentrations on Turkish border, 640-642

T

TACTICAL AIR NAVIGATION (TACAN) FACILITIES, INSTALLATION OF, 293-295
  Cabinet approval of, 295n180; site locations, 294; use of Canadian contractors, 294-295

TAIWAN STRAITS, 1958 CRISIS IN, 852-899; *see also under* Japan (visit of Foreign Minister to Ottawa (September 1958)); North American Air Defence Command (states of readiness); United States (meeting of consultation (November 1958))
  Canadian mediation proposal, 878-879, 887; Canadian recognition of Communist China, relation to, 885; Canadian representations to US, 862-864, 866-874, 892-895; cease-fire announcement, 888-892; Communist China-Nationalist China communications, 888-889; Communist Chinese military build-up, 853-854; Diefenbaker-Macmillan correspondence, 860-862, 864-865, 867-868; Dulles-Chiang talks and joint communiqué, 896-897; Dulles-Smith correspondence, 857-858, 895; Nationalist Chinese representations to Canada, 880-881; NORAD states of readiness, relation to, 855-856; positions of: India, 875, 882; Nationalist China, 880-881; UK, 856, 864-865, 876; USSR, 875-876; Quemoy-Matsu supply problems, 871-872, 874, 890-891; UN consideration of, 875-876, 882-890, 897-899; US-Formosa mutual defence treaty, 852, 854, 857, 859, 866; US representations to Canada, 858-859, 865-866; Warsaw negotiations concerning, 869-875, 883-887, 889-891, 898-899

U

UAR: *see* United Arab Republic

UNCHR: *see* United Nations High Commissioner for Refugees

UNEF: *see* United Nations Emergency Force

UNION OF SOVIET SOCIALIST REPUBLICS (USSR): *see also under* Lebanon and Jordan, 1958 Anglo-American intervention in (Security Council, Lebanese complaint to concerning UAR activities; summit meeting, proposals for); Middle East (export of arms, to Israel); Syria, complaint to United Nations concerning Turkish military threat; Taiwan Straits, 1958 crisis in; United Nations Emergency Force (financing of); United States (visit of President and Secretary of State to Ottawa (July 1958), pre-visit Canadian briefing topics)
  export controls of strategic materials, 992-1002; "China differential", 993; COCOM meeting, preparations for, 992-999; COCOM review of embargo list, 997-999; disagreed items, 1000-1001; positions of: Canada, 995-996, 1000-1002; France, 998; UK, 998-1001; US, 993-994, 996-1001
  foreign and domestic policy trends, 1021-1062; changes in Soviet Praesidium and

ascendancy of Khrushchev, 1021-1026; decline of Western power, 1027-1028; disarmament initiatives, 1036-1037, 1040-1041, 1052-1053; economic liberalization, 1039-1040, 1055-1057, 1059-1060; historical antecedents to current political situation, 1048-1055; ideological underpinnings, 1046-1048; influence of Khrushchev, 1034-1035, 1047-1048; possible Canadian responses to changes in USSR, 1031-1033; possible Western responses to changes in USSR, 1030-1031, 1062; Soviet scientific advances, 1028-1029, 1036-1037, 1039; Soviet military power, 1051-1053; summit conference, Soviet intentions concerning, 1033-1035, 1041-1042, 1061

official visits and exchanges with Communist countries, 984-992; Cabinet approval of exchange guidelines, 988-989; Canadian note (19 August 1958) to USSR concerning, 990-992; Interdepartmental Panel on the Exchange of Visits, deliberations of, 985; Soviet agricultural delegation, visit of, 985, 985n11; USSR representations concerning, 986

summit meeting proposal and Bulganin letters, 1003-1021; Canadian draft reply to first Bulganin letter, 1014-1017; Canadian reply to first Bulganin letter, text of, 1021n38; failure of summit negotiations in 1958, 1021n38; first Bulganin letter, text of, 1003n19; NATO consideration of first Bulganin letter, 1010-1013, 1017-1020; second Bulganin letter, text of, 1013-1014, 1013n30; topics addressed in Bulganin letters and Canadian replies: Canada-USSR relations, 1007, 1009; disarmament, 1006, 1008, 1015, 1020; Middle East conflict, 1006, 1009, 1016; Rapacki Plan for nuclear-free zone in Central Europe, 1007-1009, 1011-1012, 1014, 1016-1021; summit meeting, 1009, 1013-1014; US nuclear weapons on Canadian soil, 1005-1006, 1008, 1015

trade agreement, 1063-1067; benefits of 1956 agreement, 1063-1064; Canadian aide-memoire (10 December 1958) authorizing preliminary negotiations for renewal of agreement, 1067; Soviet aide-memoire (28 November 1958) seeking renewal of agreement, 1066

UNITED ARAB REPUBLIC: *see under* Lebanon and Jordan, 1958 Anglo-American military intervention in

UNITED KINGDOM (UK): *see under* Indochina (ICSC, operations in Vietnam, MAAG ceiling, US proposal to increase); Japan (pardon of Japanese war criminals); Lebanon and Jordan, 1958 Anglo-American military intervention in; Middle East (export of arms to Middle East, to Israel); Suez Canal clearance costs; Syria: complaint to United Nations concerning Turkish military threat; Taiwan Straits, 1958 crisis in; United Nations Emergency Force (financing of)

UNITED NATIONS (UN): *see under* Brazil, visit of Secretary of State for External Affairs to; China (People's Republic of, Communist) (recognition of); Hungarian refugees; Israel (visit of Foreign Minister to Ottawa (October 1958)); Lebanon and Jordan, 1958 Anglo-American military intervention in; Poland (art treasures); Suez Canal clearance costs; Syria: complaint to United Nations concerning Turkish military threat; United Nations Emergency Force

UNITED NATIONS EMERGENCY FORCE (UNEF), 568-605

Canadian agreement with UN to participate, 568-569

Canadian command of, 569-572

financing of, 572-605; Canadian evaluation of General Assembly debate, 604-605; contributions of: Canada, 576-579; UK, 574, 601; US, 574-575, 578, 589-590, 597, 601; costs of UNEF, 574; draft UN resolution concerning, 591-593; effect of UNEF, 572-573; General Assembly passage of financing resolution, 602-603; position of: Canada, 576-577, 580-581, 588, 597-599; Egypt, 573-574, 576, 596, 603; India, 585-586; Israel, 572-574, 576; Norway, 585, 587, 589, 594-595; UK, 596; US, 576, 587, 589-590; USSR, 596, 603; rotation of national contingents, 573; Secretary-General's report concerning, 577, 577n44, 580-586, 598; UNEF Advisory Committee discussion of, 584-586, 594-596; voluntary contributions, 574-580

UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES: *see under* Hungarian refugees

UNITED NATIONS OBSERVER GROUP IN LEBANON: *see under* Lebanon and Jordan, 1958 Anglo-American military intervention in

UNITED STATES (US): *see also under* Agricultural surpluses, disposal of by US; alerts; Ballistic Missile Early Warning System (BMEWS); Canada-United States Ministerial Committee on Joint Defence meeting (December 1958); CF-105 interceptor programme; China (People's Republic of China, Communist) (recognition of; US foreign assets control regulations);

Columbia River; Congressional Security Investigations; Great Lakes connecting channels; import restrictions; Indochina (ISCS, operations in Vietnam); International Joint Commission; Joint Canada-United States Committee on Trade and Economic Affairs meeting (October 1957); Lebanon and Jordan, 1958 Anglo-American military intervention in; Middle East (arms exports to Middle East, to Israel); North American Air Defence Command; Strategic Air Command refuelling facilities; Syria, complaint to United Nations concerning Turkish military threat; Tactical Air Navigation facilities, installation of; Taiwan Straits, 1958 crisis in; United Nations Emergency Force (financing of)

- Campobello-Lubec Bridge, construction of, 533-535; cost, 534-535
- meeting of consultation (September 1957), 295-309; topics discussed: alerts, 308; arms exports, 304-305; Communist China, trade with, 302; disarmament, 299-300; Formosa, 301; Japan, 302-303; Korea, 301; Middle East, 303-305; NATO, 300, 305-306; NORAD, 308-309; nuclear weapons in continental air defence, 308; nuclear weapons stockpiles in Europe, 306; Soviet threat, 297-298, 307-309; strategic export controls, 302; UNEF, 304; United Nations, 298; uranium sales, 306; Vietnam, 302
- meeting of consultation (November 1958), 310-318; topics discussed: Canadian acquisition and control of nuclear weapons, 311-312; Combined Policy Committee, reactivation of, 315; Ministerial Committee on Joint Defence, 316; NORAD states of readiness, 313-314; Permanent Joint Board on Defence, 314-315; production sharing, 315-316; sac overflights, 312-313; Taiwan Straits situation, 317-318
- visit of Secretary of State to Ottawa (July 1957), 1-3; topics discussed: China policy, 2; exchange of security information, 2; lead and zinc, 3; London disarmament talks, 1; meeting of Joint Committee on Trade and Economic Affairs, 2; Prime Minister's visit to Washington, 2; turkeys, 3; US agricultural surplus disposal policy, 2-3; US investment in Canada, 3
- visit of Prime Minister to Washington (October 1957), 4-5; topics discussed: Arab nationalism, 5; meeting of Joint Committee on Trade and Economic Affairs, 4; NORAD, 5; Queen's visit, 4;Syrian complaint to UN, 4-5; US agricultural surplus disposal policy, 5
- visit of President and Secretary of State to Ottawa (July 1958), 6-27
  - Dulles meetings with Canadian Ministers, 22-27; topics discussed: Alaskan statehood, 27; BOMARC, 24; CF-105, 23-24; Columbia River, 26-27; Libby Dam, 26-27; military production sharing agreements, 22-26; NORAD, 23 SAGE, 24
  - Eisenhower-Dulles meetings with Diefenbaker and Smith, 14-22; topics discussed: cattle, 20; Columbia River, 22; Commonwealth Trade and Economic Conference, 15-16; Communist China, recognition of, 21-22; Communist China, trade with, 19-22; food bank proposal, 17-18; immigration, 14, 18; International Bank and Monetary Fund, 16; international commodity arrangements, 17; Joint Committee on Trade and Economic Affairs, 15; lead and zinc, 18; magazine tax, 15; Ministerial Committee on Joint Defence, creation of, 20; Reciprocal Trade Agreements Act, 18; strategic materials export controls, 15; US petroleum import restrictions, 19
  - pre-visit Canadian briefing topics, 6-14; positions on: Commonwealth Trade and Economic Conference, 7-9; Communist China, recognition of, 13; Communist China, trade with, 13; food bank proposal, 7; International Bank and Monetary Fund, 7-11; lead and zinc, 7; meeting of Joint Committee on Trade and Economic Affairs, 7; Ministerial Committee on Joint Defence, 6, 13; NORAD, 6, 13; military production sharing agreements, 6, 13; Reciprocal Trade Agreements Act, renewal of, 9-10; Soviet Economic offensive, 9-10, 12-13; strategic materials export controls, 13; US agricultural surplus disposal policy, 7; US petroleum import restrictions, 7

UNOGIL: *see under* United Nations Observer Group in Lebanon

V

VENEZUELA: *see under* import restrictions (US, petroleum)

Y

YUGOSLAVIA: *see under* Hungarian refugees